



DAMANSARA
HOLDINGS BERHAD

BOARD CHARTER

Updated as at 8 November 2021

BOARD CHARTER

1. INTRODUCTION

The Board Charter of the Company sets out the detailed roles, responsibilities and functions of the Board and Board Committees in accordance with the principles of good corporate governance. The Board of Directors (“the Board”) is accountable and responsible for the performance and affairs of Damansara Holdings Berhad (“the Company” or “DBHD”), and the Board Charter is reviewed periodically to ensure its relevance with the latest statutory and regulatory requirements, as well as the Group’s operational and business direction.

2. PURPOSE

The Board is the focal point of the Company’s Corporate Governance system. It is ultimately accountable and responsible for the performance and affairs of the Company and is also responsible to oversee the Company’s corporate governance framework.

All Board members are expected to act in a professional manner, thereby upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities. All Board members are responsible to the Company for achieving a high level of good corporate governance. This Board Charter shall constitute and form an integral part of each Director’s duties and responsibilities.

3. THE BOARD

3.1 Board Membership

3.1.1 Composition

The Malaysian Code on Corporate Governance (“MCCG”) recommends that the strategic aims of the Company are set by the Board, and that the Board is to ensure the necessary resources are in place for the Company to meet its objectives. It is also recommended by MCCG for the Board to review the performance of the Management throughout the year with respect to the achievement of the set objectives.

In compliance with *Practice 4.5 of MCCG*, The Board through its Nominating Committee had taken steps to ensure that women candidates are sought as part of its gender diversity target. Therefore, the Board has set a policy to have at least one (1) female director in its composition.

The Company recognizes and embraces the benefits of having a diverse Board, and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage.

The Company also has made good use of differences in thought, perspective, knowledge, skills, regional and industry experience, cultural and geographical background, age, ethnicity and gender which will ensure that the Company retains its competitive advantage. These differences have been considered in determining the optimum composition of the Board and when possible, be balanced appropriately.



All Board appointments are made on merit, in the context of the skills and experience the Board as a whole requires to be effective.

In reviewing the Board's composition, Board Nomination and Remuneration Committee ("BNRC") has considered the benefits of all aspects of diversity in order to maintain an appropriate range and balance of skills, experience and background on the Board. In identifying suitable candidates for appointment to the Board, BNRC also has considered candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.

The Board consists of qualified individuals with diverse sets necessary skills, experience and knowledge to govern the Company. The composition and size of the Board is such that it facilitates the decision making of the Company. The Constitution of the Company provides for a minimum of two (2) Directors and maximum of 15 Directors. The composition and size of the Board are reviewed from time to time to ensure its effectiveness.

The Board of the Company may chair by Non-Independent Non-Executive Director who provides strong leadership and objectively stewards the Board's priorities objectively.

3.1.2 Appointment and Re-election

The appointment of a new Director is a matter for consideration and decision by the full Board, upon the recommendation from the BNRC. In making these recommendations, the BNRC will consider the required mix of skills, experience and diversity, including gender, where appropriate, which the Director brings to the Board.

In appointing new Director to the Board of the Company, the BNRC may source for likely candidate(s) from various sources, including but not limited to, recommendation from other Board Members, Management or Major Shareholders, directors' registry, open advertisements and/or use of independent search firms.

The Constitution of the Company provides that every newly appointed Director is subject to re-election at the immediate Annual General Meeting ("AGM"). Further, one-third (1/3) of the Board shall retire from office and be eligible for re-election at every AGM, and all the Directors shall submit themselves for re-election at least every three (3) years.

3.1.3 Independent Director

In accordance with the MCCG, the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. However, the BNRC shall assess the independence of the independent director who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, justified by the discharged of his/ her duties with reasonable skill and competence, in bringing independent judgment and depth into the Board's decision making in the interest of the Company.



Further the Board of Directors shall recommend him/her to continue acting as an Independent Non-Executive Director of the Company and the Board shall seek the shareholders' approval at an AGM for the retention of the independent status of the existing Independent Director who had served in that capacity for more than nine (9) years.

The retention of an independent director beyond nine years shall be tabled to the Shareholders at the Annual General Meeting, and any retention of independent director beyond the twelfth year, shall be tabled to Shareholders at the Annual General Meeting via a 2-tier voting process.

The 2-tier voting process is illustrated as follows:



Tier 1: Only the Large Shareholder(s) of the company votes; and Tier 2: Shareholders other than Large Shareholders votes.

The decision for the above resolution is determined based on the vote of Tier 1 and a simple majority of Tier 2. If there is more than one Large Shareholder, a simple majority of votes determine the outcome of the Tier 1 vote.

The resolution is deemed successful if both Tier 1 and Tier 2 votes support the resolution. However, the resolution is deemed to be defeated where the vote between the two tiers differs or where Tier 1 voter(s) abstained from voting.

Large Shareholder means a person who:

- is entitled to exercise, or control the exercise of, not less than 33% of the voting shares in the company;
- is the largest shareholder of voting shares in the company;
- has the power to appoint or cause to be appointed a majority of the directors of the company; or
- has the power to make or cause to be made, decisions in respect of the business or administration of the company, and to give effect to such decisions or cause them to be given effect to.

The Board assesses the independence of the Directors annually by taking into consideration their disclosed interests and having regard to the criteria for assessing the independence of Directors under the annual



Board Assessment. A separate assessment for Independent Directors is also undertaken annually.

3.1.4 Directors' Evaluation

The BNRC reviews and assesses Board composition on behalf of the Board and recommends the appointment of new Directors. It also oversees the conduct of the annual assessment of Board effectiveness.

The Board, through its BNRC, undertakes an evaluation in order to assess how well the Board, its Committees, the Directors including Independent Directors and the Chairman are performing. The evaluation covers the Board's composition, skills mix, experience, communication, roles and responsibilities, effectiveness as well as conduct. The process also includes a peer review in which Directors assess their fellow Directors' performance against set criteria, including the skills they bring to the Company and its subsidiaries ("the Group") and the contributions they make. A form of Directors' Evaluation was submitted to the Board and was filled up by the Board.

3.1.5 New Directorship on the Board of other Companies

All Board members shall notify the Chairman of the Board before accepting any new directorship.

The Directors shall also ensure that their appointment(s) in other companies are not in conflict with the Company's business and do not affect the discharge of their duties as Directors of the Company.

3.2 Board Role

3.2.1 Duties and Responsibilities

All members of the Board contribute significantly in the areas of formulation of strategic direction and policies, performance monitoring and allocation of resources and enhancement of controls and governance. As prescribed by the MCCG, in discharging its responsibilities in meeting the goals and objectives of the Company, the Board shall, among others :-

- together with Senior Management, promote good corporate governance culture within the Company which reinforces ethical, prudent and professional behaviour;
- review, challenge and decide on Management's proposals for the Company, and monitor its implementation by Management;
- ensure that the strategic plan of the Company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- supervise and assess management performance to determine whether the business is being properly managed;
- ensure there is a sound framework for internal controls and risk management;



- understand the principal risks of the Company's business and recognise that business decisions involve the taking of appropriate risks;
- set the risk appetite within which the Board expects Management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
- ensure that Senior Management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of Board and Senior Management;
- ensure that the Company has in place procedures to enable effective communication with Stakeholders; and
- ensure the integrity of the Company's financial and non-financial reporting

At the same time, the Board also ensures the sustenance of a dynamic and robust corporate climate focused on strong ethical values. This emphasizes active participation and dialogue on a structured basis involving key personnel at all levels, as well as ensuring accessibility to information and transparency on all executive actions. The corporate climate is also continuously nourished by value-centered programmes for team-building and active subscription to core values.

The Board has unrestricted access to timely and accurate information on various aspects of the Company's operations and performance. All Board reports are normally issued in sufficient time to all Directors to enable the Directors to review the reports prior to the Board meetings and understand the issues to be discussed.

The Board promotes good corporate governance in the application of sustainability practices. The Group practises a system of rewards based on the philosophy of pay for performance. Employees are rewarded for productivity improvements and contribution towards the achievement of the Group's immediate and long-term objectives. The rewards encompass not only compensation and benefits but also performance recognition and professional development and career progression.

The Board has established a Code of Conducts and Ethics ("COCE") that articulate acceptable practices and guide the behaviour of directors, management and employees. The policies of the Code of Ethics are integrated into company-wide management practices and will be periodically reviewed.

The Board of Directors must always conduct itself in an ethical manner while executing its duties and functions and complied with the Company's COCE.

The COCE is published on the Company's website at www.dbhd.com.my

3.2.2 Matters Reserved for the Board

The following are matters which are specifically reserved for the Board:-



- (i) approval of corporate plans and programmes;
- (ii) approval of annual budgets, including major capital commitments;
- (iii) approval of new ventures;
- (iv) approval of material acquisitions and disposals of undertakings and properties;
- (v) changes to the management and control structure within the Group, including key policies, delegated authority limit.

3.3 Chairman and Group Managing Director/Group Chief Executive Officer

The Group complies with the requirement to have the position of the Chairman and the Group Managing Director/Group Chief Executive Officer held by two (2) separate individuals. The role of the Chairman and the Group Chief Executive Officer are distinct and separate to ensure there is a balance of power and authority.

The Company's Chairman, shall be responsible for:

- providing leadership for the board so that the board can perform its responsibilities effectively;
- setting the board agenda and ensuring that board members receive complete and accurate information in a timely manner;
- leading board meetings and discussions;
- encouraging active participation and allowing dissenting views to be freely expressed;
- managing the interface between board and management
- ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the board as a whole; and
- leading the board in establishing and monitoring good corporate governance practices in the company.

The Group Managing Director/Group Chief Executive Officer holds the principal responsibilities of reporting, clarifying, communicating and recommending key strategic and operational matters and proposals to the Board for approval as well as implementation of policies and strategies.

3.4 Board Committees

The board charter should clearly identifies the respective roles and responsibilities or TORs of the Board Committees, individual directors and key senior management..

Hence, the Board delegates certain functions to the following Committees to assist in the execution of its responsibilities:

- (i) Board Audit Committee ("BAC")
- (ii) Board Nomination & Remuneration Committee ("BNRC")
- (iii) Tender Board Committee ("TBC")
- (iv) Board Risk Management Committee ("BRMC")

The functions of the BAC are to ensure compliance with Paragraph 15, Part C of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the independence of the External Auditors, the integrity of Management and



the adequacy of disclosures to Shareholders. The BAC act to assist the Board of Directors in fulfilling its fiduciary responsibilities by ensuring that the results of internal and external audit findings are fully considered and properly resolved.

The BNRC is established to primarily identify and recommend candidates for Board directorship, recommend directors to fill the seats on Board Committees, evaluate the effectiveness of the Board and Board Committees (including the size and composition) and contributions of each individual director and to ensure an appropriate framework and plan for Board succession is in accordance to the terms of reference.

As for the TBC, the Committee is to evaluate, deliberate and approve the recommendations made by the Management prior to awarding of major contracts and tenders to potential contractors.

The BRMC is established to identify, assess, monitor and report significant risks faced by the Group.

3.5 Board Meetings

The Board shall conduct at least four (4) scheduled meetings annually, with additional meetings to be convened as and when necessary. All Directors will be provided with the performance and progress reports on a timely basis prior to the scheduled Board meetings. A full agenda of the meeting and all Board papers, including complicated issues or specific matters, would be distributed in advance to ensure Directors are well informed and has the opportunity to seek additional, and are able to obtain further clarification from the Company Secretary, should such a need arise.

Prior to each Board Meeting, every director is given an agenda and a set of board papers for each agenda item to be deliberated. The board papers will be distributed to the board members at least five (5) business days before the meeting to all Directors to enable the Directors to have sufficient time to prepare for Board meetings. At the Board Meetings, the Management will present the board papers and provide comprehensive explanation of pertinent issues. Information provided to the Board goes beyond quantitative performance data to include other qualitative performances. The Board and its Committees have access to all information within the Group pertaining to the Group's business and affairs.

Where necessary, the services of other senior management or external consultants will be arranged to brief the Directors or to clear their doubts or concerns. The Board and Board Committee's' meeting schedule will be provided to all Directors at the beginning of the financial year.

3.6 Financial Reporting

Pursuant to Paragraph 15.26(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Company Directors are collectively responsible in ensuring that the financial statements and the quarterly results are drawn up in accordance with the approved accounting standards adopted by the Malaysian Financial Reporting Standard (MFRS), the provisions of the Companies Act, 2016, and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.



The Board ensures that the financial statements of the Company and its subsidiary companies as of the end of the financial year together with the financial results and cash flows for the year ended are prepared based on the appropriate and relevant accounting policies, on a consistent basis and made judgments and estimates that are reasonable and fair in preparing the financial statements of the Company and its subsidiaries. The financial statements are also prepared on a going concern basis and the Directors have assured that proper accounting records are kept so as to enable the preparation of the financial statements with reasonable accuracy.

3.7 Directors' Remuneration

The Board on 21 March 2011, has established its own BNRC. The Board is of the view that the composition of the BNRC meets the objectives and principles of a good corporate governance. The members of the BNRC comprise exclusively of non-executive directors, a majority of whom is independent. The BNRC develops, maintains and reviews the criteria to be used in the recruitment process and annual assessment of directors.

Through the BNRC, the Board has established formal and transparent remuneration policies and procedures to attract and retain directors and senior management in which BNRC are responsible for making recommendations on the framework, policies and procedures in reviewing and determining the specific remuneration package of the Directors and senior management of DBHD. The Company's remuneration scheme for the Group Managing Director/Group Chief Executive Officer and senior management are commensurate with their performance, seniority, experience and scope of responsibilities and is benchmarked to market/industry standards. For Non-Executive Directors, the level of remuneration reflects the level of responsibilities undertaken by them.

3.8 Directors' Training & Continuing Education

In addition to the Mandatory Accreditation Programme as required by the Bursa Malaysia Securities Berhad ("Bursa Malaysia"), the Directors shall continue to update their knowledge and to enhance their skills through appropriate continuing education programmes and life-long learning.

The Board encourages its Directors to attend talks, seminars, workshops and conferences to update and enhance their skills and knowledge to enable them to carry out their roles effectively as Directors in discharging their responsibilities towards good corporate governance, operational and regulatory standards and sustain active participation in the Board deliberations. The Board shall assess the training needs of the Directors from time to time.

4. COMPANY SECRETARY

The Board has unrestricted access to the advice and services of the Company Secretary and where necessary, in the furtherance of their duties, obtain independent professional advice with the Company paying the related costs. The Company Secretary must obtain a professional qualification from professional bodies or qualified under section 235(2) of the Companies Act 2016.



The Company Secretary plays an advisory role to ensure all Board Members' decisions and actions are complied with the relevant rules and regulations, but not limiting to following roles and responsibilities:

- Manage all board and committee meeting logistics, attend and record minutes of all board and committee meetings and facilitate board communications;
- Advise the board on its roles and responsibilities;
- Facilitate the orientation of new directors and assist in director training and development;
- Advise the board on corporate disclosures and compliance with company and securities regulations and listing requirements;
- Manage processes pertaining to the annual shareholder meeting;
- Monitor corporate governance developments and assist the board in applying governance practices to meet the board's needs and stakeholders' expectations; and
- Serve as a focal point for stakeholders' communication and engagement on corporate governance issues.

The Company Secretary also keeps abreast of the evolving capital market environment, regulatory changes and developments in corporate governance through continuous training.

5. INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION

The Board shall place great importance in ensuring the high standards of transparency and accountability in its communication to shareholders, as well as to potential investors, analyst and the public.

The Board recognises the need of effective communication with shareholders and the investment community and adheres strictly to the disclosure requirements of Bursa Securities. Dissemination of information includes the distribution of annual reports and relevant circulars to shareholders, issuance of press releases, announcing the quarterly financial results and performance of the Group to Bursa Malaysia Securities Berhad and the public as well as holding press conferences

The Chairman and the Board encourage shareholders to attend and participate in the AGM held annually as well as in the EGM. The shareholders are given the opportunity to seek clarification by making use of the Question and Answer session during the AGM / EGM on any matters pertaining to the business and financial performance of the Company. The rights to demand for a poll during the meetings are conveyed to shareholders by the Board.

The shareholders shall be informed of all material matters affecting the Company and Group. The ways of communication to shareholders and investors, amongst others, are by way of timely announcements and disclosures made to Bursa Malaysia, which include quarterly financial results, changes in the composition of the Group and any other material information that may affect the investors' decision making.

The AGM is the principal forum for dialogue with shareholders. All directors are to attend General Meetings and the Chair of the BAC, BRMC, BNRC and TBC to provide meaningful response to questions addressed to them.



At each AGM, a presentation will be given by the Group Managing Director/Group Chief Executive Officer to explain the Group's strategy, performance and major developments to shareholders. The AGM is the principal forum for dialogue with shareholders. Notice of the EGM and Annual Report will be sent out to shareholders at least 28 days prior to the meeting.

In the case of an EGM, the Notice is sent out at least 21 days prior to the meeting.

COMPANY CONTACTS

a) Company Secretary

Company Secretary
Damansara Holdings Berhad
Lot 10.3, Level 10,
Wisma Chase Perdana,
Off Jalan Semantan,
Damansara Heights,
50490 Kuala Lumpur.

Tel: 603 - 20812688
Fax: 603 – 20812690
Email: corporateinfo@dbhd.com.my

b) Investor Relations

Group Marketing and Communications
Damansara Holdings Berhad
Lot 10.3, Level 10,
Wisma Chase Perdana,
Off Jalan Semantan,
Damansara Heights,
50490 Kuala Lumpur.

Tel: 603 - 20812688
Fax: 603 - 20812690
Email: corporateinfo@dbhd.com.my

c) Share Registrar

Tricor Investor & Issuing House Services Sdn Bhd (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite,
Avenue 3, Bangsar South
No 8, Jalan Kerinchi
59200 Kuala Lumpur

Tel :603 - 2783 9299
Fax :603 - 2783 9222
Email: is.enquiry@my.tricorglobal.com

6. ACCESS TO INFORMATION AND INDEPENDENT ADVICE

The Directors, collectively or individually, may seek independent professional advice and information in furtherance of their duties at the Company's expense, so as to ensure the Directors are able to make independent and informed decisions.

7. REVIEW OF THE BOARD CHARTER

The Board Charter has been reviewed by the Board on **8 November 2021**. Any subsequent amendment to the Charter can only be approved by the Board. The Board Charter will be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities.