

BOARD CHARTER

1. Introduction

The Board of Directors (“the Board”) is accountable and responsible for the performance and affairs of D.B.E. GURNEY RESOURCES BERHAD (“the Company” or “DBE”) including practicing a high level of good governance. All Board members are responsible for the success of the Group by providing entrepreneurial leadership and direction as well as supervision of the Management.

This Board Charter sets out the role, functions, composition, operation and processes of the Board and is to ensure that all Board members acting on behalf of the Company are aware on their duties and responsibilities as Board members.

2. Board structure

Composition of the Board

The number of Directors shall not be less than two or more than twelve as set out in the Company’s Constitution. At any one time, at least two (2) or one-third (1/3), whichever is higher, of the Board members are Independent Directors in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. If the number of Directors of the Company is not 3 or a multiple of 3, then the number nearest 1/3 must be used.

The Directors, with their different backgrounds and specialisations, collectively bring with them a wide range of experience and expertise in areas such as business, finance, property development and construction, corporate affairs, legal, marketing and operations.

Independent Directors provide an unbiased and independent view, advice and judgement to the decision-making of the Board and provide an appropriate check and balance for the Executive Directors, thereby ensuring that no one individual or group dominates the Board’s decision-making process. They also ensure strategies proposed by the Management are fully deliberated on and take into account the interests of minority shareholders, employees, customers and the communities in which the Group conducts its business. The tenure of an Independent Director shall not exceed a cumulative term of 9 years.

The composition and size of the Board are reviewed from time to time to ensure its appropriateness.

Appointments 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 Nomination and Remuneration Committee. In making these recommendations, the Committees will consider the required mix of skills, experience and diversity, including gender, where appropriate, which the Director bring to the Board.

In accordance with the Company's Constitution, every newly appointed Director is subject to re-election at the next Annual General Meeting ("AGM") and one-third of the Directors, or, if their number is not a multiple of three (3), then the number nearest to one-third shall retire from office and be eligible for re-election at every AGM. All the directors shall retire from office once at least in each three years and shall be eligible for re-election.

Director's assessment

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

A separate assessment for Independent Directors is also undertaken annually.

New Directorship

All Board members shall notify the Chairman of the Board before accepting any new directorship. The notification shall include an indication of time that will be spent on the new appointment.

The Chairman shall also notify the Board if he has any new directorship or significant commitments outside the Company.

3. Roles of the Board

The Board assumes, amongst others, the following duties and responsibilities:

- a) Responsible for the overall corporate governance of the Group, including its strategic direction, establishing goals for Management and monitoring the achievement of these goals;
- b) Decides on the overall Group strategy and direction, acquisition and divestment policy, approval of capital expenditure, consideration of significant financial matters and the review of financial and reporting performance of the Group;
- c) Monitor and evaluate the performance of the Management to ensure that the performance criteria remains dynamic;
- d) Ensure the Group maintains an effective system of internal controls and is able to identify and manage principal risks resulting in efficiency in operations and a stable financial environment;
- e) Monitor the compliance with all relevant statutory and legal obligations;
- f) Regularly considers succession planning and the composition of the Board;
- g) Clarify the roles and responsibilities of members of the Board and management to facilitate Board's and Management's accountability to the Company and its shareholders; and
- h) Establish such committees, policies and procedures to effectively discharge the Board's roles and responsibilities

4. Roles of Chairman and Managing Director (MD)

The roles of the Chairman and Managing Director are separated to ensure there is a balance of power and authority. The Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board, while the MD has overall responsibility for the day-to-day management of the business and implementation of the Board's policies and decisions.

The Chairman is responsible for:

- i. Lead the Board and ensure its effectiveness in all aspects of its role
- ii. Ensure efficient organisation and conduct of the Board's function and meetings
- iii. Ensure that the Board is well informed and effective; that Members, individually and as a group, have the opportunity to air differences, explore ideas and generate the collective views and wisdom necessary for the proper decision making of the Board
- iv. Encourage all Board members to engage in board and committee meetings by drawing on their skills, experience, knowledge and, where appropriate
- v. Ensure that General Meetings are conducted efficiently and ensure effective communication with shareholders and relevant stakeholders
- vi. Promote constructive and respectful relations between Directors and between the Board and Management.

The Managing Director is responsible for:

- i. Develop and implement strategic business direction, plans and policies of the Group
- ii. Supervise heads of division and departments who are responsible for all functions contributing to the success of the Group
- iii. Ensure the efficiency and effectiveness of the operation for the Group
- iv. Assess business opportunities which are of potential benefit to the Group
- v. Bring material and other relevant matters to the attention of the Board in an accurate and timely manner
- vi. Ensure that the financial results are accurate and not misleading;
- vii. Ensure that the business of the Group are carried out in an ethical manner and in full compliance with the relevant laws and regulations;

5. Board Committees

The Board of the Company has established three (3) Committees of the Board which operate within its own specific terms of reference. The Board Committees undertakes in-depth deliberation of the issues at hand before tabling its recommendations thereon to the Board. The three (3) Board Committees are as follows:

Audit and Risk Committee
Nomination Committee
Remuneration Committee

The Chairman of the respective Committees reports to the Board on the outcome of the Committee meetings.

6. Board Meetings

The Board shall conduct at least five (5) scheduled meetings annually, with additional meetings to be convened as and when necessary. The quorum of Board meeting is two (2) members, present in persons.

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 have the opportunity to seek additional information, and are able to obtain further clarification from the Company Secretary, should such a need arise.

The Board may invite the management or external parties such as auditors (both internal and/or external auditors), solicitors or consultants as and when the need arises. Such invited parties may attend part or all of the Board meeting at the discretion of the Board.

7. Financial Reporting

The Board ensures that the financial statements is prepared in accordance with the Companies Act 2016 and applicable approved accounting reporting standards, so as to give true and fair view of the state of affairs of the Group and the Company.

8. Directors' Remuneration

The performance of Directors is measured by the Directors' contribution and commitment to both the Board and the Company.

The Executive Directors' and top senior management's remuneration will depend on the performance of the Group and the achievement of the Key Performance Index set at the beginning of each financial year.

For Non-Executive Directors, the level of remuneration reflects the contribution and level of responsibilities undertaken by the particular Non-Executive Director.

No Key Performance Index set out but Directors are assessed based on performance of each company or subsidiary or department under each portfolio.

9. Directors' Training

In addition to the Mandatory Accreditation Programme as required by the Bursa Malaysia Securities Berhad ("Bursa Malaysia"), the Directors shall continue to undergo the continuous education program to enhance their skills and knowledge, where relevant.

10. Company Secretary

The appointment and removal of the Company Secretary is a matter for the Board as a whole. The Board recognised the fact that the Company Secretary must be suitable qualified and capable of carrying out the duties required.

The Company Secretaries shall report directly to the Board.

11. The Board's Relationship with Shareholders

The Board will maintain an effective communications policy that enables both the Board and Management to communicate effectively with shareholders and the general public. The shareholders shall be informed of all material matters affecting the Company and Group.

The ways of communications to shareholders are as follow:-

- a. Timely announcements and disclosures made to the Bursa Malaysia Securities Berhad, which includes quarterly financial results, material contract awarded, changes in the composition of the Group and any corporate exercises or other material information that may affect investors' decision making;
- b. Make available of the additional corporate information and/or disclosures of the Group for reference on the website;
- c. Ensure that the General Meetings are conducted in an efficient manner, which includes supply of comprehensive and timely information and mandatory poll voting for the resolutions and active participation of the shareholders at the AGM or EGM.

This Board Charter was reviewed and approved by the Board on 26 February 2020.