

## **Board Charter**

### **1.0 Introduction**

The Board Charter sets out the roles and responsibilities, composition and processes of the Board of Directors (“the Board”).

It provides an overview of how the Board leads and provides direction to the Management of the Company.

It also sets out the delegation of authority by the Board to various Committees to ensure the Board members in performing their responsibilities on behalf of the Group would act in the best interest of all shareholders.

In addition, this Board Charter also outlines the core principles of corporate governance to which the Company ascribes.

### **2.0 Board Structure**

The Board consists of four members of which two are independent non-executive directors, one non-independent executive director and one non-independent non-executive director. The composition of the Board represents a good mix of knowledge, skills and experience to ensure that the Group is competitive within its industry.

The Board, through the Nomination Committee, will consider appropriate targets for appointment as Board members in terms of gender, ethnicity and age and will take required measures to meet those targets from time to time if deemed necessary to enhance the effectiveness of the Board.

The Board complies with paragraph 15.02 of the Listing Requirements which requires that at least two directors or one third of the Board of the Company, whichever is higher are independent directors.

### **3.0 Duties and Responsibilities**

The Board adheres to the Code of Conduct/Ethics for Directors which highlights the criteria that directors should observe in the performance of their duties. The following are the roles and responsibilities of the Board in discharging its fiduciary functions:-

- a) Leads, controls, provides strategic direction and has the overall responsibilities for corporate governance.
- b) Formulation of key policies, overseeing investments and businesses for the Group.
- c) Ensure that the company has appropriate corporate disclosure policies

and procedures.

- d) Succession planning.
- e) Identifying principal risk and to ensure implementation of appropriate internal control system.
- f) Investor relations programmes, internal controls and management information systems.

The management is accountable for the execution of the corporate objectives and policies set by the Board.

The Board has delegated specific responsibilities to the committees to assist the Board in the effective operations and the governance of the Group. The functions and Terms of Reference of the committees have been defined by the Board in the Terms of Reference of the respective committees. These committees are Audit Committee, Nomination Committee and Remuneration Committee. The Terms of Reference of these committees are available in the Company's website.

The duties and responsibilities of the Chairman, Group Managing Director/Chief Executive (GMD/CE) are distinct and separate with clear division of responsibilities. The Chairman is responsible for managing the conduct of the Board and ensuring its effectiveness including ensuring all directors receive sufficient relevant information on all financial, business, operational and corporate matters to enable each of them to participate actively and effectively in Board decisions. The GMD/CE is responsible for the efficient and effective management of the business operations and strategic direction of the Group.

#### **4.0 Board Meetings**

The Board normally has five (5) scheduled meetings annually with additional meetings convened as and when necessary. At such scheduled meetings the Board deliberates and gives approval to quarterly financial reports, audited accounts, recurrent related party transactions and other material agreements prior to announcement to Bursa Malaysia. During meetings the Board is also briefed on business performance and financial aspects of the Group. Two (2) members of the Board shall constitute a quorum at any meeting.

#### **5.0 Supply of Information**

The Board is provided in advance with a yearly scheduled timetable which includes all board meetings, committee meetings such as audit, nomination, remuneration and other relevant meetings. This is to ensure timely and adequate information are circulated prior to the meetings.

Each Board member is supplied in advance with an agenda, written reports

which include minutes of previous meetings, financial reports and other reports relevant to the meeting, to allow the directors sufficient time to review and to deliberate at the board meetings and to facilitate informed decision making by the directors. Management representatives are also present to provide additional insight on matters to be discussed during the Board meetings.

The Board members are also provided with the relevant facts, analysis and recommendations on any new corporate proposals. Advisers and professionals such as merchant bankers and solicitors may be invited to attend the Board meetings at which such proposals are deliberated to provide the Board with their explanations and advice and to clarify any issues raised.

All directors have access to the Group's information through the management team and the services of the qualified Company Secretary, who provide the Board with any updates to the statutory and regulatory requirements and any other matters related to the affairs of the Group. The Board may take independent professional advice in furtherance of their duties, whenever necessary and under appropriate circumstances.

## **6.0 Board's Appointment**

The appointment of any additional directors is made as and when it is deemed necessary by the Board of Directors with due consideration given to a good mix of knowledge, skills, experience and time commitment required for the Board to discharge its duties effectively.

Any proposal to appoint new directors will be evaluated by the Nomination Committee members for recommendation to the Board.

A director appointed during the financial year shall retire and be eligible for re-election at the Annual General Meeting (AGM) of the Company. Apart thereto, at least one-third of the Board or if the number of directors is not three (3) or a multiple of three (3) then the number nearest to one-third shall retire by rotation under Article 91 of the Company's Articles of Association and shall be eligible for re-election at each AGM. All Directors shall be subject to retirement once in every three years.

In accordance with Section 129(6) of the Companies' Act 1965, a Director who has attained the age of seventy (70) years shall retire and is eligible to submit himself or herself for re-appointment at each AGM to hold office until the conclusion of the next AGM of the Company.

## **7.0 Directors' Training**

All the Board members have attended and successfully completed the Directors' Mandatory Accreditation Programme ("MAP") prescribed by Bursa Malaysia for Directors of public listed companies. The Board acknowledges the fact that continuous education is vital for the Board members to keep abreast with the developments of the economy and further enhance their

knowledge to discharge their duties and responsibilities more effectively.

Our Directors will also continue to attend further training from time to time, particularly on relevant new laws and regulations.

## **8.0 Committee Established By The Board**

### **Audit Committee**

The Audit Committee currently comprises of two Independent Non-Executive Directors and one Non-Independent Non-Executive Director.

The Terms of Reference of the Audit Committee are as follows:-

#### **a) Authority**

The Audit Committee is authorised by the Board to:-

- (i) ensure the internal audit function is appropriately and adequately resourced in discharging its duties and responsibilities.
- (ii) have full, unrestricted and timely access to relevant information and documents pertaining to the Group with the support of the Management and staff.
- (iii) maintain direct communication channels with the external and internal auditors.
- (iv) convene meetings with the external and/or internal auditors, excluding the attendance of the executive members of the Committee, when required.
- (v) obtain independent or external legal or professional advice and secure attendance, if it considers necessary.
- (vi) have explicit authority to investigate any matters arising within its Terms of Reference.

#### **b) Frequency of Meetings**

The Audit Committee shall meet not less than four times a year, with additional meetings convened as and when required, with the presence of the Committee members. The presence of the external auditors will be requested, if required.

#### **c) Duties and Responsibilities**

The duties and responsibilities of the Audit Committee are to:-

- i) Review with the Management and external auditors, the annual report, financial statements of the Company and consolidated financial statements of the Group prior to approval by the Board.

- ii) Review adequacy of the functions, resources and scope of the internal audit to ensure it has the appropriate authority and the support of the Management and staff to function independently and effectively.
- iii) Assess adequacy of the operational, financial and internal controls with the external and internal auditors.
- iv) Review the annual Internal Audit Plan with the external and internal auditors.
- v) Review the audit programme and audit reports to ensure appropriate and prompt remedial actions have been taken to address the audit recommendations.
- vi) Review any related party transactions that may arise within the Company or the Group.
- vii) Review and recommend the appointment of the external auditors and any questions of resignation or dismissal.
- viii) Assess suitability, independence and objectivity of the external auditors.
- ix) Act on other matters as the Committee considers appropriate or as authorised by the Board of Directors.

### **Nomination Committee**

The Nomination Committee currently comprises of two Independent Non-Executive Directors and one Non-Independent Non-Executive Director.

The Terms of Reference of the Nomination Committee are as:-

- (i) Responsibility to oversee the selection and assessment of directors of RPB and its subsidiaries.
- (ii) Ensure that the Board composition meets the needs of the Company and its subsidiaries.
- (iii) Develop, maintain and review the criteria to be used in the recruitment process and annual assessment of directors and senior executive of RPB and its subsidiaries.
- (iv) Responsibilities include assessing and recommending to the board the candidature of directors, appointment of directors to board committees, review of board succession plans and training programmes for the Board of RPB and its subsidiaries.
- (v) In assessing the suitability of candidates, considerations should be given to the competencies, commitment, contribution and performance.
- (vi) Facilitate board induction and training programmes.
- (vii) Take steps to ensure that women candidates are sought as part of its recruitment exercise.
- (viii) Conduct an assessment on independent directors annually.

- (ix) Review and approve the succession plan for senior executives of RPB and its subsidiaries.
- (x) Review the term of office and performance of the audit committee and each of its members annually or when appropriate.

### **Remuneration Committee**

The Remuneration Committee currently comprises of two Independent Non-Executive Directors and one Non-Independent Non-Executive Director.

The Terms of Reference of the Remuneration Committee are as follows:-

- (i) Assist the Board of Directors (“the Board”) in establishing formal and transparent remuneration policies and procedures for directors and senior executives of RPB and its subsidiaries including the executive directors, Group MD and CEO of the Company.
- (ii) Recommend to the Board remuneration package for directors and senior executives of RPB and its subsidiaries.
- (iii) Review the performance evaluations of senior executives of RPB and its subsidiaries and approve their bonus and salary increment proposals.
- (iv) Approve the overall bonus and salary increment proposals for RPB and its subsidiaries.
- (v) Review and approve the succession plan for senior executives of RPB and its subsidiaries.
- (vi) Recommend to the Board the establishment of long term incentive plan(s) for eligible employees and eligible executives of RPB and its subsidiaries.
- (vii) Administer the Executive’s Share Option Scheme, Share Grant Plan and any other incentive plans to be established by the Company from time to time.

## **9.0 Investor Relations And Shareholders’ Communication**

The Board values regular communication with shareholders and investors. This includes various medium of communication such as annual general meetings, announcements on quarterly financial results and material agreements made throughout the year, audited financial results and annual reports. The information provide shareholders and investing public with an overview of the Group’s performance and business operations.

All resolutions will go by poll voting in AGM/EGM.

The Board recognizing the importance of investors relations has established close contact with institutional shareholders by providing regular update on the Group's business developments through its website.

The Group has established a comprehensive and current website at <http://www.rpb.com.my> to further enhance investor relations and communication with shareholders, investors and general public to access information such as group's profile, services, financial performance and corporate information.

## **10.0 Accountability And Audit**

### **Financial Reporting**

The Directors aim to present a balanced and understandable assessment of the Group's position and prospects when presenting the financial statements, quarterly announcements and submission of reports to regulators.

The annual and quarterly financial reports are prepared in accordance with the provision of the Companies' Act, 1965 and approved accounting standards.

The annual and quarterly financial reports are reviewed by the Audit Committee to ensure that the financial statements comply with applicable financial reporting standards prior to the Board's approval.

## **11.0 Risk Management**

The Board recognises risk management as an integral element of business and operations. Objective of the Group's ongoing risk assessment process is to ensure key risk areas are managed within an acceptable risk profile or tolerance level in order to increase the prospects on achievement of corporate and business strategic objectives. The Group's overall risk appetite is based on evaluation of the Group's existing risk management capabilities and capacity.

### **i) Risk Identification, Monitoring & Reporting**

Within the organisation, risk management is embraced as a collective responsibility and firmly embedded in the Group's core business processes holistically by engaging all business divisions as risk owners within their areas of responsibilities and accountability. The organisation structure sets out respective roles and responsibilities, levels of authority and lines of accountability to ensure effective and independent stewardship. Risk management encompasses two broad lines of defence. The Heads of respective business divisions jointly with all employees form the first line of defence against risks. They are responsible and accountable for identifying, assessing and reporting

significant potential risks within their scope of responsibilities.

On a strategic perspective, the Heads of Department in consultation with the Group Managing Director/Chief Executive (GMD/CE) and Chief Financial Officer (CFO) are responsible for managing, monitoring and mitigating emerging risks promptly. As risks cannot be eliminated, monitoring and reporting activities are performed periodically to ensure instituted controls are appropriate, adequate and effectively applied within the Group to reduce risk exposure.

The Board along with External and Internal Audit functions, being the second line of defence, provides an independent and objective assessment on the adequacy and effectiveness of risk management and internal controls towards continuous improvements & pragmatic enhancements from time to time.

ii) Risk Evaluation

The Management identifies and evaluates key potential risks at operational and financial levels together with their existing internal control mechanisms before implementing and monitoring relevant controls to mitigate and control these risks. Identified risks are evaluated at each business division based on level of materiality, likelihood of occurrence and impact before further assessed on a Group perspective. The objective is to enhance the Group's ability to achieve its strategies, business objectives with operational efficiency.

## **12.0 Internal Control System**

a) Control Environment

i) The Group has a clearly defined vision and mission statement and strategic business direction which is communicated 'top down' to all employees in order to reinforce core values of integrity, commitment, speed and cost efficiency.

ii) Board committees including Audit Committee, Nominating & Remuneration Committees are established by the Board of Directors. They are governed by defined terms of reference and authority for areas within their scope of responsibilities.

iii) The Group's organisation structure is aligned with its business and operational requirements with defined lines of authority, responsibility and accountability.

b) Control Activities

i) The Group's operating system including processes governing appraisal, approval of capital/investment expenditure, asset disposal, monitoring and evaluation of the performance of investments are periodically reviewed, updated and improved in order to respond more effectively to emerging or



changing risks, changes in organisation structure and requirements of business and operating divisions.

- ii) Business and operating divisions prepare annual business plans, financial and operating budgets which are approved by the Board. Actual performances are reviewed against approved budgets to ensure that for significant variances against budget noted, corrective actions, if required, are taken promptly to mitigate potential significant risks.
  - iii) The Group recognises its human capital in contributing towards its growth. Guidelines on staff recruitment, performance appraisal, promotion and training requirements are incorporated in an established performance appraisal and management system to inculcate and sustain a high performance culture.
- c) Information and Communication Processes
- i) The Management and Board receive timely and relevant management and financial reports which are reviewed periodically for improvements from time to time.
  - ii) The Group has in place, a Management Information System which captures and reports relevant information and data to enable the Management to make business decisions promptly.
  - iii) Management & Board meetings are held periodically to provide appropriate communication and feedback channels in a timely, transparent and confidential manner.
- d) Monitoring Mechanism
- i) The Board is responsible for establishing business direction, strategies and overseeing the overall conduct of the Group's businesses and operations through its management committees and reporting mechanisms. The GMD/CE communicates the Board's expectations to the Management teams during management meetings. Based on these mechanisms, the Board is promptly updated on developments relating to risk management, internal controls, regulatory compliance and financial commitment. Board meetings are held at least once every quarterly. In addition, regular management and operation meetings are conducted by the directors and senior management.
  - ii) The Group's Internal Audit function reports directly to the Audit Committee and is guided by the approved terms of reference. The Internal Audit function provides the Board with independent and balanced assurance on the adequacy and effectiveness of the risk management and internal control systems by conducting regular audits and assessments based on the Annual Audit Plan approved by the Audit Committee. Significant audit matters and recommendations for improvements are highlighted to the Management and Audit Committee with periodic follow up reviews of implementation and remedial actions taken.

- iii) The Group's policies and procedures are reviewed and revised periodically to meet changing business, operational and regulatory requirements.

### **13.0 Review of the Board Charter**

The Board Charter will be periodically reviewed and updated in accordance with the needs of the Company.