

SAUDEE GROUP BERHAD  
(Company No. 838172-P)  
(Incorporated in Malaysia)

## **Board Charter**

### **1. Introduction**

The Board of Directors ("the Board") of Saudee Group Berhad ("SAUDEE" or "Company") recognises the importance of adopting good corporate governance and is committed to ensure that good corporate governance is being practised by its company and subsidiaries ("the Group") in order to safeguard the shareholders and relevant stakeholders' interests as well as enhancing shareholders' value.

This Board Charter shall constitute and form an integral part of each Director's roles, duties and responsibilities, composition, authority and proceedings of the Board of SAUDEE.

### **2. Objective**

The objective of this board charter is to clearly set out the roles and responsibilities of the Board and Board Committees which are in line with the principles of good corporate governance and the processes and procedures for convening their meetings. It serves as a reference and primary induction literature providing prospective and existing Board members and Management insights into the fiduciary and leadership functions of the Directors of SAUDEE.

### **3. The Board**

#### Authority

The Board derives its authority to act from the Memorandum and Articles of Association (M&A") of the Company and the law and regulations governing companies in Malaysia.

#### Board Composition

The Board of SAUDEE comprises Executive Directors, Independent Non-Executive Directors and Senior Independent Non-Executive Directors, to achieve the desired level of objectivity and independence in the Board's deliberation and decision-making.

The Articles of Association (AA) of the Company stipulates that the number of Directors shall be not less than two (2) and not more than nine (9). The composition of the Board should compliance with paragraph 15.02 of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Malaysia") with at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, shall be Independent Directors.

The Board shall at all times promotes and welcomes diversity and gender mix in its composition and gives due recognition to the technical and business experience of the Directors and effective discharge of its roles and responsibilities, all of which are vital to the Company.

### **3. The Board (Cont'd)**

#### Board Composition (Cont'd)

The Chairman is appointed from amongst the Directors as approved by the Board.

The present Directors of SAUDEE collectively bring with them a wide range of experience and expertise in areas such as entrepreneurs, industrial, marketing, corporate, accounting, finance, governance risk and compliance, and law/legal with relevant industry knowledge in which the Group currently operates in. The combinations of these different skills have enabled the Board to effectively lead and control the Group.

The composition of the Board with their wide experiences and diverse academic backgrounds provide a collective range of skills, expertise and experience which is vital for the successful direction of the Group and facilitates the making of informed and critical decisions in ensuring Saudee Group Berhad achieves the highest level of corporate governance.

Presently, half of the Board of Directors of SAUDEE are independent directors which in line with recommended by Practice 4.1 of the Malaysian Code on Corporate Governance 2017.

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

#### Appointment

The Company strives to have a Board members with suitable academic and professional qualifications, skills, expertise and wide exposure.

The primary responsibility of the appointment of new Director has been delegated to the Nominating Committee (NC).

The Company established of a Nominating Committee comprised exclusively of Non-Executive Directors, a majority of whom are Independent to propose new nominees to the Board and assess directors on an on-going basis.

The Nominating Committee will consider the required mix of skills, experience and diversity, including gender, where appropriate, which the Director brings to the Board. As such, director should be use a variety of approaches and sourced from a diverse pool to ensure that it is able to identify the most suitable candidates.

The Board members have no fixed term of appointment. However, in accordance with the Article 97 of the Company's Articles of Association all Directors are subject to election at the Annual General Meeting (AGM) following their appointment. In every subsequent year, one-third (1/3) of the Directors for the time being, or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3), shall retire from office at the conclusion of that meeting.

### **3. The Board (Cont'd)**

#### Election and re-election

The AA also provide that at least one-third of the remaining Directors be subject to re-election by rotation at each AGM. Any Director so appointed to fill a casual vacancy shall hold office only until the next following AGM, and become available for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

All Directors shall retire from office once at least in each three (3) years, but shall be eligible for re-election.

The performance of those Directors who are subject to re-appointment and re-election of Directors at the AGM will be assessed by the NC whereupon recommendations are submitted to the Board for decision on the tabling of the proposed re-appointment or re-election of the Director concerned for shareholders' approval at the next AGM.

#### Independent Non-Executive Director

The definition of Independent Director follows that of the Listing Requirements, Paragraph 1.01 and Practice Note 13. The Independent Non-Executive Directors are not officers ("officer" has the meaning given in section 2 of the Companies Act) and they do not participate in the day-to-day management and free from any business or other relationships that could materially interfere (or perceived to interfere) with their judgment and fetter their decisions in discharging their duties.

They able to exercise independent judgement and bring an external perspective, constructively challenge and assist Company to develop corporate strategy, scrutinize the performance of Management in meeting approved goals and objectives, and monitor the risk profile of the Company's business.

The independence of Independent Directors are assessed annually by taking into consideration disclosure of interests as well as having regard to the criteria for assessing the independence of Directors in the annual Board Assessment.

The Board, through the NC, regularly reviews the independence of each Independent Non-Executive Director from available information relevant to such an assessment as disclosed by him or her to the Board.

#### New Directorship

The Company has in place its procedures and criteria for appointment of new directors. All candidates for appointment are first considered by the NC, taking into account the mix of skills, competencies, experience, professionalism and other relevant qualities required to well manage the business, with the aim to meet the current and future needs of the Board composition. The NC also evaluates the candidates' character and ability to commit sufficient time to the Group. Other factors considered for appointment of Independent Director will include the level of independence of the candidates.

### **3. The Board (Cont'd)**

#### Directorship on other listed issuers

A director of the Company must not hold more than 5 simultaneous directorships in listed issuers as defined in the Bursa Malaysia Listing Requirements.

#### Role and responsibilities of Board

The Board assumed the following principal responsibilities in discharging its functions:

- a) Strategic Planning
  - i. Ensure that corporate goals and strategies are well articulated by Senior Management of the Group.
  - ii. Review and adopt such strategic and business plans of the Group.
  - iii. Provide the requisite broad business direction to steer the growth and performance to sustainability of the Group's business.
  
- b) Conduct of business
  - i. Oversee the conduct of the Group's business.
  - ii. Evaluate whether the businesses are properly managed.
  - iii. Make appropriate decisions to improve as well as safeguard the financial interests and position of the Group.
  
- c) Risk Management
  - i. Identify principal risks associated with the Group's businesses.
  - ii. Establish a risk management framework.
  - iii. Ensure all relevant and appropriate systems and measures are taken to manage, address and mitigate these risks in a timely manner.
  
- d) Investors' Relation/Shareholders' Communication Policy and Sustainability Policy
  - i. Develop and implement an investor relations programme or shareholders' communication policy of the Group.
  - ii. Develop Sustainability Policy and Framework of the Group on open and transparent business practices that are based on ethical values and respect for the community, employees, the environment, shareholders and other stakeholders. The Framework is designed to deliver sustainable value to society at large.
  
- e) Succession Planning
  - i. Ensure sufficient of succession planning is in place for key management positions for business continuity purposes, including appointing, training, determining remuneration packages and, where appropriate, replacing the key management personnel.
  - ii. Assess, via the Nominating Committee, the performance of the Managing Director/Executive Director for his/her contribution towards achieving the Group's corporate strategies and objectives.
  - iii. Promoting boardroom diversity.

### 3. The Board (Cont'd)

#### Role and responsibilities of Board (Cont'd)

- f) Internal Control Systems, risk management, financial reporting and compliance
  - i. Review the adequacy and the integrity of the Group's internal control systems and management information systems.
  - ii. Ensure that systems are in compliance with applicable laws, regulations, rules, directives and guidelines covering controls in financial, operational, compliance and risk management areas.
  - iii. Ensure that there is a satisfactory framework for reporting on internal controls and regulatory compliance to safeguard shareholders' investments and the Group's assets.
  
- g) Responsibility for good corporate governance
  - i. The Board established an internal governance model for delegating of specific powers of the Board to the relevant Board Committees, Executive Chairman, Managing Director ("MD") and the Senior Management of the Company.
  
- h) Sustainability strategies
  - i. The Board responsible for the setting the sustainability strategies and overseeing the overall sustainability performance of the organisation.
  - ii. The Board established the Sustainability Working Group (SWG) to identify material matters that related to the Group.

The conduct of the Board members shall be consistent with their duties and responsibilities to the Company and the shareholders.

The Directors shall always act within the limitations imposed by the Board on its activities. The Directors' responsibilities and limitations are primarily set out in the Company's Articles of Association, the Companies Act, 2016, the Main Market Listing Requirements, Capital Markets and Services Act 2007, the Malaysian Code on Corporate Governance 2017 issued by Securities Commission, the Board's and/or shareholders' resolutions or any other relevant Acts/Legislations.Other matters reserve for the Board

Key matters reserved for the Board's approval including but not limited to the business continuity plan, issuance of new securities, proposed employee's share option scheme, business restructuring, acquisitions/disposals of material assets, and approval for the release financial announcements. All Board's decisions are recorded in the minutes, including the deliberation for each decision, along with actions to be taken and the individuals responsible for implementation. Relevant Board decisions are communicated to the Senior Management for implementation within a reasonable timeframe.

### **3. The Board (Cont'd)**

#### Role of the Individual Director

Directors are expected to comply with their legal, statutory and fiduciary duties and obligations when discharging their responsibilities as Directors. Broadly these include:-

- a) Contributing to Board activities to the best of their abilities and with the level of skill and care expected;
- b) Acting in good faith and honestly in the best interests of the Company as a whole;
- c) Acting in a timely manner but with the required care and diligence, demonstrating commercial reasonableness in their decisions;
- d) acting with care and diligence and for proper purpose;
- e) Avoiding conflicts of interest, not allowing personal interests, or the interests of any associated person or company, to conflict with the interests of the Company;
- f) Refraining from making improper use of information gained through the position of director and from taking improper advantage of the position of director.
- g) Making reasonable enquiries to ensure that the Company is operating effectively, efficiently and legally toward achieving its objectives;
- h) Participating in the appointment of new directors and directors performance evaluation; and
- i) Acting in accordance with the duties and obligations imposed on them and the Board by the Articles of Association and the law;
- j) Serving on Board committees as required.

Directors will keep all Board information, discussions, deliberations and decisions that are not publicly known confidential and not use information gained through the Board for their interest, or their employers' interest.

#### Role of Executive Chairman and Managing Director ("MD")

The principal role of the Chairman of the Board is to manage and to provide leadership to the Board of Directors of the Company. The Chairman is accountable to the Board and acts as a direct liaison between the Board and the Management of the Company, through the Managing Director (MD). The Chairman acts as the Communicator for Board decisions where appropriate.

The separation of the role of the Chairman from that of the MD facilitates appropriate balance of role, responsibility and accountability and promotes appropriate supervision of the Management.

The Chairman of the Board shall be appointed by the Board and may hold any executive office with the Company. However, the position of the Chairman and Managing Director must be held by different individuals. In the absence of the Chairman and/or an appointed deputy in any meeting, the remaining members present shall elect one of themselves to chair the meeting in accordance with the provisions set out in the Article 128 of the Company's Articles of Association.

### **3. The Board (Cont'd)**

#### Role of Executive Chairman and Managing Director ("MD") (Cont'd)

The responsibilities of the Executive Chairman is mainly responsible:

- a) To lead the Board in the oversight of management and implementing the Board policies,
- b) Responsible for the overall business planning and development, the formulation of strategic plans and policies for the Group and the Board's effectiveness and conduct.
- c) To promotes an open environment for debate and ensures effective contributions from Non-Executive Directors and exercises control over the quality, quantity and timeliness of information flow between the Board and Management.
- d) To maintains regular dialogues/ meetings with the Managing Director/ Head of business units on all operational matters.
- e) To ensures the integrity and effectiveness of the governance process of the Board and acts as a facilitator at Board meetings.
- f) At a general meeting, the Executive Chairman plays a role in fostering constructive dialogue between Shareholders, Board and Management.

The responsibilities of the Managing Director, amongst others, are as follows:-

- a) To implement the policies and decisions of the Board;
- b) Overseeing the day-to-day operations of the Group; and
- c) Responsible for the product research and development, transformation and modernisation of the food production process through automation.
- d) MD is assisted by the other Executive Director and the Management for the overall development and expansion of marketing networks as well as implementation of sales, distribution and promotional activities of the Group.

#### Role of Senior Independent Non-Executive Director

A Senior Independent Director (SID) is appointed among the Independent Non-Executive Directors. SID who serves as the point of contact between the Independent Directors and the Chairman on sensitive issues and acts as a designated contact to whom shareholders' concerns or queries may be raised, as an alternative to the formal channel of communication with shareholders.

#### Role of Management

The responsibilities of the Management, in general, are:-

- a) Developing, coordinating and implementing business and corporate strategies for the approval of the Board;
- b) Assume day to day responsibility for the Company's conformance with relevant laws and regulations and its compliance framework;
- c) Achieve the performance targets set by the Board

- d) Report and furnish the Board with information, report, clarifications as and when required on the agenda item to be tabled to the Board, to enable the Board to arrive at a decision.

### **3. The Board (Cont'd)**

#### Role of Management (Cont'd)

- e) Communicating to the staff and implementing the strategic plan approved by the Board and any decision of the Board to ensure that the objectives of the Company that were approved by the Board are met;
- f) Assisting the Board in the establishment of Company or Group's policies by developing such policies for the Board's review and approval for Company and Group's adoption and implementing the approved policies; and
- g) Developing effective management information and internal control systems of the Company to ensure that integrity and adequacy of the systems are intact.

#### Board Committees

The Board, in discharging its fiduciary duties, may from time to time establish Committees as it considers necessary to assist it in carrying out its responsibilities. Each of committee entrusted with specific tasks and operates within clearly defined terms of reference approved by the Board

Delegating authority to the Board committees does not in any way absolve the Board from discharging their duties and responsibilities.

The Chairman of the respective Committees reports to the Board on the outcome of the Committee meetings and such reports or minutes will be included in the Board papers (except the power of the Audit Committee to report to Bursa Securities in circumstances described in the Audit Committee Report).The committees are:

- a) Audit Committee Nominating Committee
- b) Remuneration Committee
- c) Risk Management Committee
- d) ESOS Committee

The Board may also delegate specific functions to ad hoc committees as and when required.

The respective committees' terms of reference are available for reference at the Company's website.

#### Board Meetings

The Board meets every quarter and scheduled in advance at the beginning of each new calendar year. Special Board meetings will be convened as and when urgent issues and/or important decision are required to be addressed between the scheduled meetings.

Agenda and documents relevant to the Board meetings are circulated at least seven (7) days in advance to the Directors for their review before the meetings to ensure the effectiveness of the Board meetings. Any additional information requested by the Directors will be provided in timely manners.



### **3. The Board (Cont'd)**

#### Minutes of meeting

The Company Secretary shall minute the proceedings and resolution of all Board and committees meetings. All resolutions are recorded and thereafter circulated to the Directors for comments before the minutes are finalized and confirmed. Such minutes shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated. Minutes of each meeting shall be distributed to all members of the Board.

The deliberations and decisions at Board and Board Committee meetings are well documented in the minutes, including matters where Directors abstained from voting or deliberation.

#### Access to Information and Independent Professional Advice

The Chairman ensures that all Directors have full and timely access to information with an agenda on matters requiring Board's consideration issued with appropriate notice and in advance of each meeting to enable Directors to obtain further explanations during the meeting, where necessary.

In discharging of their duties, each member of the Board is entitled to obtain independent professional advice at the cost of the Company in furtherance of their duties, subject to the approval of the Chairman or the Board, depending on the quantum of the fees involved. All Directors should have access to the advice and services of the Company Secretary in ensuring the effective functioning of the Board.

In exercising their duties, all Directors have the same right of access to all information within the Group and they have a duty to make further enquiries which they may require in discharging their duties. Senior Management and external advisors may be invited to attend Board meetings, to advise and provide the Board with detailed explanations and clarifications whenever necessary on matters that are tabled.

In leading and controlling the operations of the Group, the Board is assisted by the Board of Directors of each individual subsidiary that is primarily responsible to carry out decisions made by the Board. The Executive Directors of the Company also participated in the subsidiaries' management meeting to ensure that decisions made by the Board are disseminated and delegated effectively to the management of the subsidiaries.

#### Directors' and Senior Management Remuneration

It is vital for the Group to attract and retain Directors and senior management of the necessary calibre to run the Group successfully. Therefore, the Board will determine the level of remuneration paid to Directors and senior management, taking into consideration the recommendations of the Remuneration Committee to ensure the remuneration package is fair and competitive.

### **3. The Board (Cont'd)**

#### Directors' and Senior Management Remuneration (Cont'd)

The component parts of remuneration should be structured so as to link reward to corporate and individual performance.

As for Independent Non-Executive Directors (INED), the level of remuneration should reflect the experience, level of responsibilities, time commitment, expertise and the complexity of the Company's activities and should be in line with market practice undertaken by the said INED. The remuneration of NED shall be a matter of the Board as a whole with the Director concerned abstaining from deliberation and voting in respect of his/her individual remuneration.

The remuneration policy of the Group is summarised as follows:-

- a) Determination of remuneration of Directors remained a collective decision of the Board.
- b) The salary for Executive Directors are set at a competitive level for similar roles within comparable markets, reflect the performance of the director, skills and experience as well as responsibility undertaken.
- c) The Company also reimburses reasonable expenses incurred by Directors in the course of their duties.
- d) The Directors who perform extra services for any of the purpose of the Company will be paid special remuneration in term of fixed allowance, in addition to his/her Director's fee
- e) Directors' Fees and other benefit if any are subject to approval by its shareholders at the AGM.
- f) Other than directors' fee, Executive Directors are also entitled to receive bonus and statutory contribution.
- g) Benefits-in-kind - only Executive Directors of the Group are entitled to benefits-in-kind provided by the Group.
- h) The RC may obtain independent professional advice in formulating the remuneration package of its Directors.

The Board should report to the shareholders on the Directors' remuneration and this should be included in the annual report of the Company.

#### Board Evaluation and Performance

The NC evaluates the performance of the Board as a whole on an annual basis. The NC ensures that all assessments and evaluations carried out are properly documented.

The Board Committees shall also regularly be reviewed by the Board to ascertain their performance and effectiveness.

### **3. The Board (Cont'd)**

#### Directors' Training & Continuing Education

In addition to the mandatory programmes as required by Bursa Securities, the Directors are mindful that they should continue to attend training programmes to enhance their skills and knowledge where relevant, as well as to keep abreast with the changing regulatory and corporate governance developments. Therefore, the members of the Board shall attain the training, from time to time, on areas relevant to their duties and responsibilities as Directors by attending external seminars/talks and internally facilitated sessions and through reading materials.

#### **4. Company Secretary**

The Board shall ensure that it is supported by a suitably qualified and competent Company Secretary, who play an important advisory role to the Board in relation to the Company's constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations. The Company Secretaries support the Board by ensuring that all Board meetings are properly conducted and deliberations at the Board and Board Committee meetings are well captured and recorded. The Company Secretaries also keep the Board update on new statutes and directives issued by the regulatory authorities, and the resultant implications to the Company and the Directors in relation to their duties and responsibilities.

#### **5. Internal Control**

The Board oversees, reviews and monitors the operation, adequacy and effectiveness of the Group's system of internal controls.

The Group has engaged the services of an independent professional firm to provide much of the assurance it requires regarding the effectiveness as well as the adequacy and integrity of the Group's systems of internal control.

The Internal Auditors report directly to the Audit Committee on its activities based on the approved annual Internal Audit Plans. Its principal role is to provide independent assurance on the adequacy and effectiveness of internal control of the Group.

#### **6. Management of Risk**

The Board is responsible for the total process of risk management and has endorsed an ongoing risk management and internal control framework which applies throughout the Group to determine, evaluate and manage significant risks.

The Board must ensure that appropriate systems are in place to manage the identified risks, measure the impact and to proactively manage it, so that the Company's assets and reputation are adequately protected.

The process is reviewed annually by the Board through the Risk Management, taking into consideration changes in the business environment, strategies, and functional activities of the Group from time to time.

## **7. Investor Relations And Shareholder Communication**

SAUDEE dispatches its notice of AGM to shareholders more than 21-days before the AGM, The additional time given to shareholders allows them to make necessary arrangements to attend and participate either in person, by corporate representative, by proxy or by attorney.

In line with the requirement of the Main LR and the Code, material information is disseminated to shareholders and investors on a timely basis. The Group maintains a corporate website at [www.saudee.com](http://www.saudee.com) which provides information, include:

- Quarterly results
- Annual reports
- Announcements
- Circular to shareholders
- Other important announcements

The above information also could be accessed through Bursa Securities website at [www.bursamalaysia.com](http://www.bursamalaysia.com)

The AA of the Company further accord proxies the same rights as members to speak at the general meeting. Essentially, a corporate representative, proxy or attorney is entitled to attend, speak and vote both on a show of hands and on a poll as if they were a member of the Company. In addition to the above, time will be allocated during AGM for dialogue with shareholders to address issues concerning the Group.

The Board will consider adopting electronic voting to facilitate greater shareholder participation at general meetings, and to ensure accurate and efficient outcomes of the voting process.

## **8. Code of Conduct and Ethics**

The Company has adopted a Code of Conduct and Ethics (“the Code”) to be implemented throughout the Group, which demonstrates its commitment to doing business responsibly and ethically. By articulating the principles by which the Company conduct its business, the Code allows the employees to work and make decisions confidently and in a manner that supports its vision and values. The Code helps the Company achieve the right things in the right manner at all times. The Code shall apply to the Board, Management and employees irrespective of their seniority or designations.

The Code of Ethics for Directors includes principles relating to their duties, conflict of interest and dealings in securities are available at the Company’s website.

## **9. Whistleblowing Policy**

The Board should establish, review and together with Management implement appropriate policies and procedures on whistleblowing. The oversight of the whistleblowing function is under the purview of the Chairman of Audit Committee who shall ensure that all reported violations are properly investigated. The Chairman of Audit Committee is also responsible for reviewing the effectiveness of the actions taken in response to all concerns raised.

## **10. Review of the Board Charter**

This Board Charter will be reviewed periodically to ensure the needs of the Company are met as well as to encompass any development in rules and regulations that may have an impact on the discharge of the Board's duties and responsibilities.

The Board will make any necessary amendments to ensure they remain consistent with the Board's objectives, current laws and governance practices. Any updates to the principles and practices set out in this Charter will be made available on the Company's corporate website.

The Board charter has been adopted and subsequently revised by the Board on 29 October 2019.