



# **PGF CAPITAL BERHAD**

## **BOARD CHARTER**

(Version 3: approved on 20 January 2025)

## **1. Introduction**

The Directors of **PGF CAPITAL BERHAD** (“Company”) regard Corporate Governance as vitally important to the success of Company's business and are unreservedly committed to applying the principles necessary to ensure that the following principles of good governance is practised in all of its business dealings in respect of its shareholders and relevant stakeholders:

- 1.1 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.
- 1.2 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.
- 1.3 All Board members are responsible to the Company for achieving a high level of good governance.
- 1.4 This Board Charter shall constitute, and form, an integral part of each Director's duties and responsibilities.

## **2. Objectives**

The objectives of the Board Charter are to ensure that the members of the Board are aware of their roles, duties and responsibilities and the application of principles and practices of good corporate governance in their business conduct and dealings in respect of, and on behalf of the Company and the various laws and legislations governing them and the Company.

## **3. Board of Director**

### **3.1 Board Responsibilities**

3.1.1 The Company acknowledges the pivotal role played by the Board in the stewardship of its direction and operations, and ultimately the enhancement of long-term shareholder value.

3.1.2 To fulfill this role, the Board is responsible for the following duties:

- Establishing and reviewing the strategic direction of the Company;
- Overseeing and evaluating the conduct of the Company's businesses;
- Identifying principal risks and ensure that the risks are properly managed;
- Establishing a succession plan;
- Developing and implementing an investors relations programme or shareholder communication policy; and
- Reviewing the adequacy of the limits of authority. Internal control policies are delegated to Executive Directors and Senior Management to review and approve.

- 3.1.3 The Board reserves full decision-making powers on the following matters:
- Conflict of interest issues relating to a substantial shareholder or a director;
  - Material acquisitions and disposition of assets not in the ordinary course of business;
  - Investments in Capital projects;
  - Authority levels; and
  - Financing facility required by the Company.
- 3.1.4 In order to fulfill its responsibilities, the Board meets at least four (4) times a year at quarterly intervals with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings.
- 3.2 Composition and Board Balance
- 3.2.1 The Board consists of qualified individuals with diverse experiences, backgrounds and perspectives. The composition and size of the Board is such that it facilitates the making of informed and critical decisions.
- 3.2.2 At any one time, at least two (2) or one-third (1/3), whichever is higher, of the Board members are Independent Directors.
- 3.2.3 Profiles of Board members are included in the Annual Report of the Company.
- 3.2.4 The Chief Executive Officer (CEO) and the Executive Director(s) are the “Executive” Directors on the Board. However, the views of the Management are represented at meetings of the Board by the presence of senior executives when required.
- 3.2.5 The Independent Directors provide independent judgement, experience and objectivity without being subordinated to operational considerations.
- 3.2.6 The Independent Directors help to ensure that the interests of all shareholders, and not only the interests of a particular fraction or group, are indeed taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board.
- 3.3 Appointments
- 3.3.1 The appointment of a new Director is a matter for consideration and decision by the full Board upon appropriate recommendation from the Nomination Committee.
- 3.3.2 New Directors are expected to have such expertise so as to qualify them to make a positive contribution to the Board performance of its duties and to give sufficient time and attention to the affairs of the Company.
- 3.3.3 The Company Secretary has the responsibility of ensuring that relevant procedures relating to the appointments of new Directors are properly executed.

- 3.3.4 Upon the appointment of a new Director, the Company Secretary advises the Director of his/her principal duties and responsibilities and explains the restrictions to which he or she is subject to in relation to price-sensitive information and dealings in the Company's securities. Thereafter, all Directors are provided with appropriate briefings on the Company's affairs and up-to-date Corporate Governance materials published by the relevant bodies.
- 3.3.5 The Company has adopted educational / training programmes to update the Board in relation to new developments pertaining to the laws and regulations and changing commercial risks which may affect the Board and/or the Company.
- 3.3.6 In addition to the Mandatory Accredited Programme (MAP) as required by the Bursa Securities, Board members are also encouraged to attend training programmes conducted by highly competent professionals and which are relevant to the Company's operations and business. The Board will assess the training needs of the Directors and disclose in the Annual Report the trainings attended by the Directors.
- 3.3.7 The directorships held by any Board member at any one time shall not exceed five (5) in listed companies.
- 3.3.8 Executive Directors should not take on more than one (1) non-executive directorship, nor become Chairman of a major Company, and no individual should chair the Board of more than one (1) major Company.
- 3.4 Re-election
- 3.4.1 The Articles of Association provide that all Directors of the Company are subject to retirement.
- 3.4.2 At least one-third 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, but not more than one-third (1/3) of the total shall retire from office at the Annual General Meeting, provided always that all Directors shall retire from office at least once in every three (3) years.
- 3.4.3 A retiring Director shall be eligible for re-election. This provides an opportunity for shareholders to renew their mandates.
- 3.4.4 The election of each Director is voted on separately. To assist shareholders in their decision, sufficient information such as personal profile, attendance of meetings and the shareholdings in the Group of each Director standing for election are furnished in the Annual Report accompanying the Notice of the Annual General Meeting.
- 3.4.5 Directors over seventy (70) years of age are required to submit themselves for re- appointment annually in accordance with Section 129 (6) of the Companies Act,1965.

3.4.6 The Company Secretary ensures that all the necessary information is obtained and that all legal and regulatory obligations are met before the appointments are made.

**3.5 Supply of Information**

3.5.1 The Chairman, with the assistance of the Company Secretary, ensures that all Directors have full and timely access to information with Board papers distributed in advance of meetings. Every Director also has unhindered access to the advice and services of the Company Secretary.

3.5.2 Prior to the meetings of the Board and the Committees, appropriate documents which include the agenda and reports relevant to the issues of the meetings covering the areas of strategic, financial, operational and regulatory compliance matters, are circulated to all the members to obtain further explanation, where necessary, in order to be properly briefed before the meeting.

3.5.3 The Directors collectively determine, whether as a full Board or in their individual capacity, to take independent professional advice, where necessary and under appropriate circumstances, in furtherance of their duties, at the Group's expense.

3.5.4 Amongst others, the Board papers include the following:

- Quarterly financial report and report on the Company's cash and borrowing positions;
- Minutes of meetings of all Committees of the Board;
- A current review of the operations of the Company;
- Reports on Related Party Transactions and Recurrent Related Party Transactions;
- Directors' share-dealings, including public shareholdings spread; and

3.5.5 Full Board minutes of each Board meeting are kept by the Company Secretary and are available for inspection by any Director during office hours.

**4. Chairman**

The Chairman is responsible for the following:

4.1 To lead the Board effectively on all aspects of its role and setting the agenda;

4.2 To set the agenda for the Board meetings in consultation with the Executive Director;

4.3 To chair the Board meetings;

4.4 To chair the meetings of the shareholders;

4.5 To ensure the Board receives accurate, timely and clear information and if need, to provide additional information to make informed decisions;

- 4.6 To promote good corporate governance standards within the Group;
- 4.7 To ensure the Board behaves in line with the Code of Conduct;
- 4.8 To ensure the Board members continuously update their skills and knowledge to effectively discharge their duties;
- 4.9 To promote constructive and respectful relations of all Board members and also amongst management; and
- 4.10 To seek appropriate professional advice at the expense of the Company when he or she considers this necessary in the furtherance of his duties.

## **5. Chief Executive Officer (CEO)**

- 5.1 The CEO is responsible for the vision and strategic directions of the Group as well as initiating innovative ideas to create competitive edge and development of business and corporate strategies.
- 5.2 The CEO has the executive responsibility for the day-to-day operation of the Company's business.
- 5.3 The CEO is assisted by Executive Directors to implement the policies, strategies and decisions adopted by the Board.
- 5.4 All Board authorities conferred on the Management is delegated through the CEO and this will be considered as the CEO's authority and accountability as far as the Board is concerned.

## **6. Non-Executive Directors**

The role of Non-Executive Directors are as follows:

- 6.1 To act in good faith and in the best interests of the Company at all times;
- 6.2 To regularly update and refresh skills, knowledge and familiarity with the company;
- 6.3 To advise, support and challenge Management;
- 6.4 To ensure necessary activities are undertaken to review the effectiveness of the risk management and internal control systems;
- 6.5 To avoid any conflict of interest;
- 6.6 To determine the appropriate levels of remuneration of executive directors; and
- 6.7 To appoint executive directors and to participate in the succession planning.

## **7. Senior Independent Directors**

- 7.1 The Senior Independent Director should be a Non-Executive Director who is determined by the Board to be independent.
- 7.2 The Chairman of the Nomination Committee and Audit Committee is the Senior Independent Director.
- 7.3 To be available to shareholders in case they have concerns which cannot, or should not, be addressed by the Chairman or Executive Directors.

## **8. Company Secretary**

- 8.1 The Board appoints the Company Secretary, who plays an important advisory role, and ensures that the Company Secretary fulfils the functions for which he/she has been appointed.
- 8.2 The Company Secretary is accountable to the Board through the Chairman of the Board and Committees on all governance matters.
- 8.3 The Company Secretary is a central source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company.
- 8.4 The Company Secretary should advise Directors of their obligations to adhere to matters relating to:
  - 8.4.1 disclosure of interest in securities
  - 8.4.2 disclosure of any conflict of interest in a transaction involving the Company
  - 8.4.3 prohibition on dealing in securities
  - 8.4.4 restriction on disclosure of price-sensitive information.
  - 8.4.5 The Company Secretary must keep abreast of, and inform, the Board of current governance practices.
- 8.5 The Board members have unlimited access to the professional advice and services of the Company Secretary.

## **9. Board Committees**

- 9.1 The Board appoints the following Board Committees with specific terms of reference:
  - 9.1.1 Audit and Risk Management Committee.
  - 9.1.2 Nomination Committee.
  - 9.1.3 Remuneration Committee.

The Audit & Risk Management Committee, Nominating Committee, and Remuneration Committee comprises of at least three (3) members who are all Non-Executive Directors and a majority shall be independent. Each of these Committees has its own terms of reference, setting out its roles and responsibilities, compositions, structure and requirements.

Terms of Reference of the current Board Committees are available on PGF website at [www.pgfcapital.com.my](http://www.pgfcapital.com.my)

- 9.2 Independent and Non-Executive Directors play a leading role in these Committees. The Management and third parties are co-opted to the Committees as and when required.

## **10. Board Meeting**

- 10.1 The Board meets at least four (4) times a year at quarterly intervals with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings.
- 10.2 The Board receives documents on matters requiring its consideration prior to and in advance of each meeting.
- 10.3 During the meetings, the Board is briefed by the Chief Executive Officer and Executive Directors on the performance of the Group. All proceedings from Board meetings are recorded and the minutes thereof signed by Chairman of the meeting.
- 10.4 The Board may invite 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.
- 10.5 Board papers and minutes with sufficient notice are distributed to Directors at least seven (7) days or such earlier period as agreed by the Board prior to each meeting to enable the Directors to peruse and seek additional information or obtained further explanation on matters to be deliberated.

## **11. Director's Remuneration**

- 11.1 The Remuneration Committee shall be responsible for developing the remuneration policy and determining the remuneration packages for Executive Directors of the Company.
- 11.2 The Company's policy on Directors' remuneration is to attract and retain the Directors of caliber needed to manage the business of the Company and to align the interest of the Directors to those of the shareholders.
- 11.3 The determination of the remuneration of each Non-Executive Director is decided by the Board as a whole, with individual Directors abstaining from decisions in respect of their individual remuneration.



11.4 The Company pays each Non-Executive Directors an annual fee, which is approved by the shareholders at the Annual General Meeting. The Board, as a whole, determines the remuneration of the Executive Directors, with the individual Directors concerned abstaining from decision in respect of their individual remuneration.

## **12. Financial Reporting**

### **12.1 Transparency**

12.1.1 The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly announcement of the results to shareholders and the Chairman's statement in the Annual Report.

12.1.2 The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

12.1.3 The Company's practice is to announce to Bursa Securities its quarterly financial results as early as possible within two (2) months after the end of each quarterly financial period.

### **12.2 Company Auditors**

12.2.1 The Board has established formal and transparent arrangements for considering how financial reporting and internal control principles will be applied and for maintaining an appropriate relationship with the Company Auditors through its Audit Committee.

12.2.2 The Audit Committee also keeps under review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the Company Auditors. The Company ensures that the Company Auditors do not supply a substantial volume of non- audit services to the Company.

12.2.3 Appointment of the Company Auditors is subject to approval of shareholders at General Meetings. The Company Auditors have to retire during the AGM every year and be re-appointed by shareholders for the ensuing year.

### **12.3 Internal Controls and Risk Management**

12.3.1 The Company has a well-resourced internal audit function, which critically reviews all aspects of the Company's activities and its internal controls. Comprehensive audits of the practices, procedures, expenditure and internal controls of all business and support units and subsidiaries are undertaken on a regular basis. The Head of Internal Audit has direct access to the Board through the Chairman of the Audit Committee.

12.3.2 The Board ensures the system of internal controls is reviewed on a regular basis.

12.3.3 The Audit Committee receives reports regarding the outcome of such reviews on a regular basis.

### **13. Communication with Shareholders**

13.1 The Company regards the AGM as an important event in the corporate calendar of which all Directors and key senior executives should attend.

13.2 The Company regards the AGM as the principal forum for dialogue with shareholders and aims to ensure that the AGM provides an important opportunity for effective communication with, and constructive feedback from, the Company's shareholders.

13.3 The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Company and as such adopts an open and transparent policy in respect of its relationship with its shareholders and investors.

13.4 The Board ensures the timely release of financial results on a quarterly basis to provide shareholders with an overview of the Company's performance and operations in addition to the various announcements made during the year.

### **14. Review of Board Charter**

The Board Charter will be annually review or as and when necessary, by the Board to be updated with the changes in regulations and best practices in order to ensure its effectiveness and relevance to the Board's objective.