



GHL Systems Berhad (199401007361)

Incorporated in Malaysia

POLICY STATEMENT  
ON  
BOARD CHARTER



## BOARD OF DIRECTORS

### CHARTER

#### Definition

“Act” – the Companies Act, 2016

“Board” – the board of directors of the Company

“Chairman” – the chairman of the Board

“CEO” – the Group Chief Executive Office of the Company

“Company” & “GHL” – GHL Systems Berhad

“Company Goals” – the goals of the Company as set out in Part 2

“ED” – the executive directors of the Company

“Group” – the companies within GHL Systems Berhad

“Management” – the Management personnel of the Company

“Management Limitations” – the limitations on the actions of Management as set out in paragraph 4.3

“NED” – the non-executive directors of the Company

“Stakeholders” - the group that are likely to feel a social, environmental, economic or financial impact from GHL’s actions including shareholders, customers, suppliers, employees, government regulators, and members of the communities where GHL operates and are affected by GHL’s activities GHL’s obligations to its stakeholders require that appropriate accountability and control systems are in place

“The Code” – Malaysia Code on Corporate Governance

## **Part 1 Overview and Compliance with Laws**

### 1.0 Overview

The board is primarily responsible for ensuring that GHL has an appropriate corporate governance structure aimed at creating and protecting shareholder value. The Board is also responsible for ensuring that management recognizes GHL's legal and other obligations to all legitimate stakeholders.

This Board Charter explains the Board's and GHL's commitments to corporate governance.

### 1.1 Compliance with Laws

As a public company listed on the Main Market in Malaysia, GHL must comply with the Listing Rules as well as all other applicable codes, rules and regulations in Malaysia. As a company operating in numerous jurisdictions, GHL must ensure that it is aware of and complies with all applicable laws in those jurisdictions.

## **Part 2 Company goals, objective and strategies**

### 2.0 General

2.0.1 The Company is to excel as a highly efficient and profitable company within the payment solution business through the following core values:

- To commit to excel in every aspect of our operation in pursuit of total customer satisfaction in our products and services as an innovative payment company within the industry;
- To endeavor to create a challenging and rewarding career environment encouraging our employees to realize their optimum potential;
- To develop and establish a reliable and mutually beneficial relationship with our business partners and associates; and
- To strive to be a caring and responsible corporate citizen and assure equitable return to our Shareholders.

2.0.1 The capital and resources of the Company will be allocated to those assets and activities, which will enable it to achieve the Company Goals in a manner best serving the interests of the Shareholders as a whole.

## Part 3 Board Governance Process

### 3.1 Role of the Board

3.1.1 The role of the Board is to effectively represent, and promote the interests of, the Shareholders with a view to adding long-term value to the Company's shares.

3.1.2 Having regard to its role, the Board will direct, and supervise the management of, the Business and affairs of the Company including, in particular:

- Ensuring that the Company Goals are clearly established, and that strategies are in place for achieving them;
- Establishing policies for strengthening the performance of the Company including ensuring that Management is proactively seeking to build the Business through innovation, initiative, technology, new products and the development of its business capital;
- Monitoring the performance of Management;
- Appointing the CEO, setting the terms of CEO's employment contract;
- Deciding on whatever steps are necessary to protect the Company's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken;
- Ensuring that the Company's financial statements are true and fair and conform with law;
- Ensuring that the Company adheres to high standards of ethics and corporate behaviour; and
- Ensuring that the Company has appropriate risk management / regulatory compliances policies in place.

### 3.2 The Board's Relationship with Shareholders

3.2.1 The Board will use its best endeavors to familiarize itself with issues of concern to shareholders.

3.2.2 The Board will regularly evaluate economic, political, social and legal issues and any other relevant external matters that may influence or affect the development of the Business or the interests of Shareholders and, if thought appropriate, will take outside expert advice on these matters.

### 3.3 Shareholder Communications Policy

3.3.1 Beneficial owners of GHL shares are encouraged for effective participant at General Meetings.

3.3.2 To promote effective communication with shareholders, GHL will

- Maintain and keep its current Corporate Governance disclosure; and
- Make available via its Investor website, materials presented at significant investor briefings.

### 3.4 GHL Code of Conduct

3.4.1 The Board formalizes ethical standards and systems of compliance through the Company's code of conduct.

3.4.2 The GHL Code of Conduct deals with compliance in the following area of conduct:

- Compliance with Laws, Regulations and Ethical Standards;
- Use of Confidential Information;
- Retention of Records; and
- Whistleblowing

### 3.5 Board Procedures

3.5.1 The conduct of Directors will be consistent with their duties and responsibilities to the Company and, indirectly, to Shareholders. The Board will be disciplined in carrying out its role, with the emphasis on strategic issues and policy. Directors will always act within any limitations by the Board on its activities.

3.5.2 Directors will use their best endeavors to attend Board meetings.

3.5.3 Board discussions will be open and constructive, recognizing that genuinely held differences of opinion could bring greater clarity and lead to better decisions. The Chairman will, nevertheless, seek a consensus in the Board but may, where considered necessary, call for a vote. All discussions and their record will remain confidential unless there is a specific direction from the Board to the contrary, or disclosure is required by law. Subject to legal or regulatory requirements the Board will decide the manner and timing of the publication of its decisions.

3.5.4 Executive Directors attend Board meetings to discharge their Board responsibilities. At Board meetings, Board responsibilities supersede all executive responsibilities.

3.5.5 The Board has sole authority over its agenda and exercises this through the Chairman. Any Director may, through the Chairman, request the addition of an item to the agenda. The Chairman in consultation with the Vice Chairman, CEO and the Secretary will set the agenda.

3.5.6 The Board will normally hold meetings at least four times in each financial year and will hold additional meetings as the situation requires.

3.5.7 Directors are entitled to have access, at all reasonable times, to all relevant company information and to Management.

3.5.8 The board should, on a continuous basis, evaluate and determine the training needs of its directors and ensure that their training needs are met. The subject matter of training must be one that aids the director in the discharge of his duties as a director of the Group. Competencies of board members could be refreshed by attending seminars and workshops, industry conferences, trade shows and exhibition.

### 3.6 Chairman

3.6.1 The Board will appoint a Chairman from among the Directors. The Chairman should be an Independent Non-Executive Director and does not exercise the role of CEO as advocated by the Code. Where the chairman of the Board is not an independent director, the Board must comprise a majority of Independent Directors to ensure balance of power and authority on the Board.

3.6.2 The Chairman is responsible for representing the Board to Shareholders.

3.6.3 The Chairman is responsible for ensuring the integrity and effectiveness of the governance process of the Board as set out in this Part 3.

3.6.4 The Chairman is responsible for maintaining regular dialogue with the Vice Chairman and CEO over all operational matters and will consult with the remainder of the Board promptly over any matter that gives him cause for major concern.

3.6.5 The Chairman will act as facilitator at meetings of the Board to ensure that no Directors, whether executive or non-executive, dominates discussion, that appropriate discussion takes place and that relevant opinion among Directors is forthcoming.

### 3.7 Board Committees

3.7.1 To assist the Board in fulfilling its duties and responsibilities, it has established two Committees:

- Audit & Risk Committee
- Nomination & Remuneration Committee

3.7.2 Each Committee has formal Terms of reference and has been granted certain delegations. Each Committee has an obligation to report on its Meetings to the Board and minutes of all Committee Meetings are made available to all Directors.



### 3.8 Board Composition

3.8.1 The Composition of the Board will reflect the duties and responsibilities it is to discharge and perform as representative of the interests of Shareholders, and in setting the Company's strategy and seeing that it is implemented.

3.8.2 Generally, the qualifications for Board membership are the ability and intelligence to make sensible business decisions and recommendations, and entrepreneurial talent for contributing to the creation of Shareholder value, the ability to see the wider picture, the ability to ask the hard questions, preferably some experience in the industry sector, high ethical standards, sound practical sense, and a total commitment to furthering the interests of Shareholders and the achievement of the Company Goals.

The Board strongly advocates diversity in Board that includes and make good use of differences in skills, regional and industry experience, background, ethnicity, gender and age. While the ultimate decision of all board appointments would be based on meritocracy and the contributions that the candidate is expected to bring, considerable weight would be given to ensuring a diverse board with balanced composition. For this purpose, the Board shall comprise at least a woman Director.

Directors will act with the highest standards of personal integrity at all times in declaring to the Board on any matters that would or may affect their qualifications to continue with the Board memberships as soon as they are aware of the same.

3.8.3 Non-executive Directors will be active in areas which enable them to relate to the strategies of the Company and to make a meaningful contribution to the Board's deliberations. They will be independent of Management and free from any business or other relationship which could materially interfere with the exercise of their independent judgment. The Board should identify a senior independent director or an independent director to chair the Nominating Committee.

3.8.4 The size of the Board will be such that involvement, participation, harmony and sense of responsibility of the Directors are not jeopardized. It must be large enough to ensure a range of knowledge, views and experience. Generally in addition to the requirement of that one third of the Board should comprise of independent non-executive Directors, the Board should include a number of Directors which fairly reflects the investment in the Company by Shareholders other than the significant Shareholders.

3.8.5 Directors appointed to fill a casual vacancy or as an addition to the Board shall hold office until the next annual general meeting of the Company but shall be eligible for re-election.

3.8.6 Directors shall retire from office at least once every three years but shall be eligible for re-election.

3.8.7 Only EDs will be engaged on service contracts. The tenure of the service contract or every extension thereafter must not be longer than a continuous period of three years. Upon the expiry of his tenure, the Board may also, with the recommendation of the nomination committee and if it considers appropriate, appoint him as a non independent non-executive Director until the conclusion of the next general meeting, whereby he shall be eligible to offer himself for re-election.

3.8.8 The Board is to undertake an assessment on independence annually upon and when any new interests or relationships surface based on a set of criteria established by the Board.

3.8.9 The tenure of Independent Director to serve on the board should not exceed a cumulative term of 9 years since the day of appointment. Upon completion of 9 years, an Independent Director may continue to serve on the Board subject to the directors' re-designation as a Non-Independent Director. Should the Board intend to retain the Independent Director beyond the 9-year tenure as an Independent Director, the Board must annually conduct a rigorous review to determine whether the Independent Director is independent in character and judgment, taking into account the need for progressive refreshing of the Board and seek shareholders' approval

### 3.9 Provision of Business or Professional Services by Directors

3.9.1 Generally, Directors shall not provide business or professional services of an ongoing nature to the Company.

3.9.2 Notwithstanding the general rule, the Company is at liberty to:

- For the purpose of a special assignment, engage the services of any Director having special expertise in the particular field; or
- Engage the services of a party related to a Director's of an organization so long as the terms of engagement are competitive, are clearly recorded and all legal requirements for disclosure of the engagement are properly observed.

### 3.10 Other Board Appointment

3.10.1 Any Director is, while holding office, at liberty to accept other Board appointments so long as the appointment is not in conflict with the business and does not affect his performance as a Director.

### 3.11 Independent Professional Advice



3.11.1 Any Director is entitled to obtain independent professional advice relating to the affairs of the Company or to his or her other responsibilities as a Director.

3.11.2 If a Director considers such advice is necessary he shall first discuss it with the Chairman and Vice Chairman, having done so, shall be free to proceed.

3.11.3 Subject to the prior approval of the Chairman and Vice Chairman, the cost of the advice will be reimbursed by the Company but the Directors will ensure, so far as is practicable, that the cost is reasonable.

### 3.12 Board and Member Evaluations

3.12.1 The Board will, each year, critically evaluate its own performance.

Individual Directors will be evaluated by a process facilitated by the Nomination Committee whereby the Board determines questions to be asked of each Director about himself or herself and about each other including the Chairman, and the responses are collected and collated by the Chairman who then discusses the results with each Director. The Chairman's own position is discussed with the Vice Chairman and/or the rest of the Board.

### 3.13 Indemnities and Insurances

3.13.1 The Company shall make all reasonable effort to provide Directors with, and will pay the premiums for, indemnity and insurance cover while acting in their capacities as Directors, to the fullest extent permitted by the Act and law.

### 3.14 The Secretary

3.14.1 The appointment and removal of Secretary shall be a matter of the Board as a whole.

3.14.2 The Secretary is responsible for ensuring that Board procedures are followed, that the applicable rules and regulations for the conduct of the affairs of the Board are complied with and for all matters associated with the maintenance of the Board or otherwise required for its efficient operation.

3.14.3 All Directors, particularly the Chairman, have access to the advice and services of the Secretary for the purposes of the Board's affairs and the Business.

#### 4.1 Role of Group CEO

- 4.1.1 The Board will link the Company's governance and management functions through Group CEO.
- 4.1.2 All Board authority conferred on Management is delegated through the Group CEO so that the authority and accountability of Management is considered to be the authority and accountability of the Group CEO so far as the Board is concerned.
- 4.1.3 The Board will agree with the Group CEO to achieve specific results directed towards the Company Goals. This will usually take the form of an annual performance contract under which the Group CEO is authorized to make any decision and take any action within the Management Limitations, directed at achieving the Company Goals.
- 4.1.4 The Chairman maintains an informal link between the Board and the Group CEO and is available to the Group CEO to provide counsel and advice where appropriate. The Group CEO is expected to keep the Chairman and the Board informed on important matters.
- 4.1.5 Only decisions of the Board acting as a body are binding on the Group CEO. Decisions or instructions of individual Directors, officers or committees are not binding except in those instances where specific authorization is given by the Board.

#### 4.2 Accountability of Group CEO to Board

- 4.2.1 The Group CEO, in association with the Chairman, is accountable to the Board for the achievement of the Company Goals and the Group CEO is accountable for the observance of the Management Limitations.

#### 4.3 Management Limitations

- 4.3.1 The Group CEO is expected to act within all specific authorities delegated to him by the Board.
- 4.3.2 The Group CEO is expected not to cause or permit any practice, activity or decision that is contrary to commonly accepted good business practice or professional ethics.
- 4.3.3 The Group CEO is expected to adhere to the Company Goals in allocating the capital and resources of the Company.
- 4.3.4 The Group CEO is expected not to cause or permit any action without taking into account the health, safety, environment and political consequences and their effect on long-term shareholder value.

- 4.3.5 The Group CEO is expected not to cause or permit any action that is likely to result in the Company becoming financially embarrassed.
- 4.3.6 The assets of the Company are expected to be adequately maintained and protected, and not unnecessarily placed at risk. In particular, the Company must be operated with a comprehensive system of internal control, and assets of funds must not be received, processed or disbursed without controls that, as a minimum, are sufficient to meet standards acceptable to the Company's external auditors.
- 4.3.7 The Group CEO is expected not to permit employees and other parties working for the Company to be subjected to treatment or conditions that are undignified, inequitable, unfair or unsafe.
- 4.3.8 The Group CEO is expected not to cause or permit payments to be made or rewards given unless they are in return for contributions towards the purposes of the Business and are proportional to the extent that the contribution in question has furthered such purposes.

#### 4.4. Role of Chairman

4.4.1 The Chairman is principally responsible for the working of the Board which include:-

- Providing overall leadership to the Board, without limiting the principle of collective responsibility for Board decisions.
- Participating in the selection of Board members and ensuring that the membership is properly balanced.
- Setting agenda for Board meetings, usually in conjunction with the Vice Chairman, Group CEO and Secretary. The Chairman should ensure that the agenda and all necessary background paper are given to Directors in sufficient time to enable the papers to be adequately considered before the meeting.
- Chairing meetings of the Board in such a manner that will stimulate debate on the issues before the Board and encourage the most effective contribution from each Director.
- Reviewing the minutes of meetings of the Board before meeting, to ensure they accurately reflect the Board's deliberations, and matters arising from the minutes and on which further action is required have been addressed.
- Monitoring and evaluating the individual performance of Directors and the Board as a whole.
- Ensure the Company provides an orientation and education program for new directors.
- Initiating, in conjunction with the Vice Chairman and Group CEO, the formulation of a business plan to ensure that the Board establishes goals it wishes to achieve and the means by which this will be carried out.
- Initiating the establishment of Board Committees and ensuring that they achieve their objectives.
- Fastening high corporate governance.

4.4.1 The Chairman acts as an informal link between the Board and Management and particularly between the Board and the Group CEO. The Chairman, along with other Directors, should recognize that the Group CEO is the leader of the Company in all matters of Management and should not expect to become involved in the Company's day-to-day operations. It is the Group CEO responsibility to report to the Board as a whole and not just to the Chairman.

The Chairman expects to be kept informed by the Group CEO of all important matters and makes himself available to the Group CEO that

- To be part of the control mechanism in ensuring that the Group CEO's decisions are properly considered and sounds;
- To give assistance and advice when needed;
- To ensure that the Group CEO understands properly and performs his side of relationship; and
- To oversee Management establishes adequate control mechanism to cover compliance responsibilities and risk management.

4.4.3 The Board communicates with Shareholders at Shareholders' meetings and through the distribution of its annual reports. The Chairman normally chairs these meetings where he will use this as an opportunity to inform Shareholders of the Company's affair including its performance. Shareholders are encouraged to have their say while remaining relevant to the matter at issue.

4.4.4 The Chairman also lead the role in presenting the Company's cause, whether formally or informally, with the authorities, institutional or potential investors and those having influence on the environment in which the Company operates.

#### 4.5. Role of Vice Chairman

The Vice Chairman will take over the role of the Chairman when the Chairman is unable to act in that capacity such as conflict of interest or non-attendance at a Board Meeting.

### **Part 5 Revision and Updates**

This Board Charter will be reviewed and updated periodically to align with the changes or amendments of Main Market Listing Requirement of Bursa Malaysia, Malaysia Code on Corporate Governance, and other regulatory requirements that are consistent with the Board's objectives and responsibilities.

This policy statement on the Board Charter is approved and resolved by the Board of Directors of GHL Systems Berhad effective from 8<sup>th</sup> April 2013.

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