



GROMUTUAL BERHAD
(Company No. 200301022614 (625034-X))
(Incorporated in Malaysia)

BOARD CHARTER

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B O A R D C H A R T E R

TABLE OF CONTENTS	Page No.
1. INTRODUCTION	1
2. PURPOSE	1
3. BOARD COMPOSITION AND BALANCE	
(a) Size and Composition	1
(b) Appointment and Re-election	2
(c) Independence of Director	3
(d) New Directorship and Time Commitment	3
(e) Directors assessment / Board Evaluation	3
4. BOARD PERFORMANCE	
(a) Roles of the Board	3
(b) Matters Reserved for the Board	3
(c) Powers delegated to Management	4
(d) Roles of Chairman, MD and CEO	4
(e) Board Committees	5
(f) Board Meetings	5
(g) Directors' Remuneration	5
(h) Directors' Training and Continuing Education Programme	6
(i) Internal Controls and Risk Management	6
(j) Financial Reporting	6
5. COMPANY SECRETARY	7
6. CONFIDENTIALITY AND DISCLOSURE OF INTEREST	7
7. INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION	8
8. ACCESS TO INFORMATION AND ADVICE	8
9. CODE OF ETHICS AND CONDUCT	8
10. REVIEW OF BOARD CHARTER	9



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1. INTRODUCTION

The Board Charter is a charter of the Board of Directors (“the Board”) of Gromutual Berhad (“the Company” or “Gmutual”).

The Board is accountable and responsible for the performance and affairs of the Gmutual Group, including practising a high level of good governance. All Board members are expected to show good stewardship and act in a professional manner, as well as upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.

2. PURPOSE

The Board Charter sets out the roles, functions, responsibilities and power of the Board, various Board Committees of the Company.

This Charter further defines the specific responsibilities of the Board, in order to enhance coordination and communication between the Senior Management and Board and more specifically, to clarify the accountability of both the Board and Management for the benefit of the Company and its shareholders.

In addition, it will assist the Board in the assessment of its own performance and of its individual Directors.

3. BOARD COMPOSITION AND BALANCE

(a) Size and Composition

The Board consists of qualified individuals with diverse experience, background and perspective to enable them to discharge their duties and responsibilities effectively. The composition and size of the Board is such that it facilitates the decision making of the Company. Pursuant to the Constitution of the Company, the Board shall not be less than two (2) directors and more than twenty (20) directors.

As prescribed by the Listing Requirements, at any one time, at least two (2) directors or one-third (1/3), whichever is higher, of the Board members must be Independent Directors. However, the Practice of Malaysian Code on Corporate Governance (“MCCG 2017”) implements at least half of the Board comprises Independent Director. The Board will review the composition from time to time to ensure an effective oversight of management is sustained to apply such practice.

The basis for the presence of an independent voice on the Board is to ensure that objectivity in decision-making of the Board is achieved and that no single party can dominate such decision-making in the Company.

The Independent Directors provide independent judgment, experience and objectivity without being subordinated to operational considerations. They help to ensure that the interests of all shareholders are indeed taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board.

The tenure of an Independent Director shall not exceed a cumulative term of 9 years. In the event such Director is to remain as Independent Director, the Board shall first justify and obtain annual shareholders’ approval. If the Board continues to retain the Independent Director after the twelfth year, the Board would seek annual shareholders’ approval through a single-tier voting process as opposed to the 2-tier voting process as the Board is of the view that the 2-tier voting is not compatible with Section 291 of the Companies Act 2016.

The Board has not found it necessary to appoint a Senior Independent Director to whom concerns may be conveyed as there is full and direct access to the Chairman, Managing Director (“MD”) and Deputy Managing Director cum Chief Executive Officer (“CEO”) who will attend to any query or concern raised by shareholders and other stakeholders.

Boardroom diversity shall include but is not limited to, business experience, nationality, age, ethnicity and gender diversity of at least 1 woman director. The Board will review the appropriate skills, experience and knowledge required of the Board members, in the context of the needs of the Group. The Board will review its composition and size from time to time to ensure its appropriateness.

(b) Appointments and Re-election

The Nominating Committee shall review and identify candidates with appropriate mix of diversity (including age, ethnicity and gender diversity of at least 1 woman director), skills, experience, knowledge and expertise in order to discharge its mandate effectively and to maintain the necessary mix of expertise to the Board for approval.

In identifying candidates for appointment of Directors, other than relying on the recommendations from the existing Board members, Management and/or major shareholders, the Board will also explore independent sources to identify suitably qualified candidates.

All newly appointed Directors will be subject to retirement at the next Annual General Meeting and is eligible for re-election.

All other Directors, at least once in every three (3) years, are subject to retirement by rotation at the next Annual General Meeting and is eligible for re-election.

The directorships held by any Board member at any time shall not exceed five (5) in listed companies but not limited (or and “no limitations”) in non-listed companies.

(c) Independence of Director

An Independent Director is independent of management and free of any business or other relationship. In addition, an existing or former officer, adviser or transacting party is required to observe the cooling-off period of three (3) years and extend the same cooling-off period to a non-independent non-executive director before being appointed as an Independent Director.

The Board shall assess the independence of the Independent Directors upon appointment, annually and when any new interest or relationship develops.

(d) New Directorship and Time Commitment

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

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

(e) Directors Assessment/Board Evaluation

The Board recognises the importance of assessing the effectiveness of individual Directors, peer-assessment, the Board as a whole and its Committees. The Board assisted by Nominating Committee reviews and evaluates its own performance and the performance of its Committees on an annual basis.

4. BOARD PERFORMANCE

(a) Roles of the Board

The Board oversees the business and affairs of the Company and will assume, amongst others, the following duties and responsibilities:

1. reviewing and approving the overall strategic plans and direction of the Company and Group;
2. overseeing the conduct of business operations and financial performance of the Company and Group;
3. identifying principal risks and maintaining a sound system of internal control and mitigation measures;

4. overseeing the succession plan; and
5. reviewing the adequacy and the integrity of the management information and internal controls system of the Company and Group.

(b) Matters Reserved for the Board

The following matters shall be reserved to the Board for determination and/or approval (save to the extent that the Board resolves that determination and/or approval of any such matter shall be delegated to the Committees of the Board or Management):

1. corporate plans and programmes;
2. new ventures;
3. material acquisitions and disposals of undertakings and properties;
4. changes to the management and control structure within the Company and its subsidiaries, including key policies, procedures and authority limit.

(c) Powers delegated to Management

The Board shall delegate to the MD who is assisted by CEO, the authority and power to manage the Company and its businesses within levels of authority specified by the Board from time to time. The MD and CEO may delegate aspects of his or her authority and power but remains accountable to the Board for the Company's performance and are required to report regularly to the Board on the progress being made by the Company's business units.

(d) Roles of Chairman, MD and CEO

The Board will ensure that its Chairman is a non-executive member of the Board. The roles of the Chairman, MD and CEO are distinct and separated to ensure a balance of power and authority.

The Chairman is responsible for instilling good corporate governance, the overall leadership and efficient functioning of the Board. The responsibilities of the Chairman, amongst others, are as follows:

1. to lead the Board and ensure its effectiveness of all aspects of its role;
2. to ensure orderly and effective conduct of the meetings of the Board and shareholders;
3. to lead the discussion on the strategies and policies recommended by the Management;
4. to facilitate the effective contribution of all Directors at Board meetings;
5. to ensure effective communication with shareholders and relevant stakeholders;
6. to set the Board agenda and ensure the board member receive complete and accurate information in a timely manner; and
7. to lead the Board in establishing and monitoring good corporate governance practices in the company.

The MD is responsible in leading the management team, implementation of the policies or decisions approved by the Board, and acts as the Group's official spokesperson. The responsibilities of the MD, amongst others, are as follows:

1. to lead the management team and ensure the efficiency and effectiveness of the operation for the Group and control systems are in place;
2. to implement the Board's strategies or policies and make the operational decisions.
3. to assess business opportunities and develop the business direction and strategies of the Group for the Board's approval;
4. to ensure effective communication with shareholders and relevant stakeholders;
5. to keep the Board informed of salient aspects and issues concerning the Group's operations.

The CEO assist the MD in the following, among others:-

1. to ensure effective management of the Group's day-to-day operations;
2. to plan the future business direction and strategies of the Group for the MD's approval;
3. to ensure the Group's business strategies and policies are effectively executed; and
4. to keep the Board informed of salient aspects and issues concerning the Group's operations.

(e) Board Committees

The Board may from time to time establish committees as is considered appropriate to assist in carrying out its duties and responsibilities. The Board delegates certain functions to the following committees to assist in the execution of its responsibilities:

1. Audit Committee
2. Nominating Committee
3. Remuneration Committee

The committees shall operate under clearly defined terms of reference. The committees are authorised by the Board to deal with and to deliberate on matters delegated to them within their Terms of Reference. The Chairman of the respective committees report to the Board on the outcome of the committee meetings and the minutes will be included in the Board Papers for Board's notification.

The Terms of Reference of each of the above committees are published on the Company's website, www.gromutual.com.

(f) Board Meetings

The Board shall schedule at least four (4) quarterly meetings annually. However, Special Meetings may be convened as and when required.

The Notice of Board Meeting, full agenda and the supporting Board Papers should be circulated at least 5 business days in advance of each Board Meeting and Directors are expected to review in advance any such materials in order to facilitate meaningful deliberation during each meeting.

(g) Directors' Remuneration

The Company shall provide a fair and reasonable, competitive, remuneration for its Executive Directors to ensure that the Company attracts and retains high calibre executive directors who have the skills, experience and knowledge to increase entity value to the benefit of all shareholders.

The remuneration policy for Executive Directors is based on their skills and experiences in the industry, job responsibilities and the Group's performance against financial objectives. The Board shall determine the remuneration of executive directors taking into consideration the recommendations of the Remuneration Committee.

The Non-Executive Directors will receive a fixed base fee, not by a commission or on percentage of profits/turnover, recommended by the Remuneration Committee to the Board as consideration for their Board duties and level of responsibilities undertaken by the particular Non-Executive Director. The aggregate amount of directors' fees to be paid to Non-Executive Directors is subject to the approval of the shareholders at a General Meeting.

All the directors are also paid a directors' benefits comprise wholly for meeting allowances at the estimated capping amount which are subject to the approval of shareholders at Annual General Meeting.

(h) Directors' Training and Continuing Education Programme

The Board shall ensure compliance of the Mandatory Accredited Programme ("MAP") of Bursa Malaysia Securities Berhad for newly appointed directors.

In addition to the MAP, the Directors shall continue to update their knowledge and enhance their skills through appropriate continuing education programmes. This will enable Directors to effectively discharge their duties and sustain active participation in the Board deliberations.

The Board will assess the training needs of the Directors from time to time and will ensure Directors have access to continuing education programme.

(i) Internal Controls and Risk Management

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

Identifying, evaluating and managing any significant risks faced by the Group is an ongoing process which is undertaken in various stages:- (i) by Executive Directors; (ii) by Management; (iii) by Internal Auditors; and (iv) by the Audit Committee, which assesses and analyses any findings of the internal audit and external audit and reports to the Board.

(j) Financial Reporting

The Company aims to present a clear and balanced assessment of the Company's financial position and prospects in its financial statements and quarterly announcements to the shareholders, including price sensitive public reports and other reports submitted to regulators.

The Board will ensure that the financial statements are prepared in accordance with the Companies Act, 2016 and the applicable approved accounting standards set out by the Malaysian Accounting Standards Board so as to present a true and fair view of the state of affairs of the Group.

5. COMPANY SECRETARIES

The Board appoints the Company Secretaries who play an important advisory role and ensure that the Company Secretaries fulfil their functions for which they have been appointed.

The Company Secretaries are 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 and Group.

The Board members have unlimited access to the professional advice and service of the Company Secretaries.

The removal of the Company Secretaries shall be a matter for the consideration of the Board as a whole.

The primary responsibilities of the Company Secretaries, among others, are as follows:

1. ensure the proper Board procedure are followed and that all applicable rules and regulations and updates of new listing requirements are complied with;
2. attend all Board meetings and recorded the deliberations, in terms of the issues discussed and the conclusion made by the Board;
3. assist the Board in ensuring the adherence of the Board policies and procedures, rules, relevant law and practices on Corporate Governance;
4. ensure proper upkeep of statutory register and records; and
5. carry out other functions as deemed appropriate by the Board from time to time.

6. CONFIDENTIALITY AND DISCLOSURE OF INTEREST

The Directors are required to act in the best interests of the Company. The Directors also have a duty of confidentiality in relation to the Company's confidential information.

A Director should disclose to the Board:

1. any materials personal interest they have in a manner which relates to the affairs of the Company; and

2. any other interest (direct or indirect) which the Director believes is appropriate to disclose in order to avoid any conflict of interest or the perception of a conflict of interest.

The disclosure should be made as soon as practicable after the Director becomes aware of their interest. Details of the disclosure must be recorded in the minutes of the meeting at which the disclosure is made or the meeting held following the disclosure.

7. INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION

The Company is committed to ensure that shareholders are well-informed of all major developments affecting the state of affairs of the Company. To achieve this, the Company has implemented amongst others, the following:

1. timely release of announcements and disclosures to Bursa Malaysia Securities Berhad, which include quarterly financial results, material contract awarded and any other material information that may affect the investors' decision making;
2. conduct dialogues with financial analysts, if necessary, as a means of effective communication that enables the Board and Management to convey information relating to the Company's performance, corporate strategy and other matters affecting shareholders' interest;
3. conduct press conference which includes one normally held after the Annual General Meeting/ Extraordinary General Meeting, if necessary, to provide the media an opportunity to receive an update from the Board on the proceedings at the meeting and to address any queries from the media;
4. encourage good participation of shareholders at Annual General Meetings to ensure a high level of accountability and discussion of the Company's strategy and goals. The Company will also invite the external auditors to attend the Annual General Meeting and be available to answer shareholders' questions about the conduct of the audit and the preparation and content of the auditor's report;
5. shareholders can gain access to information about the Company including the summary of the Group's investor relations activities and media releases through the Company website, www.gromutual.com.

8. ACCESS TO INFORMATION AND ADVICE

The Board, collectively and individually, has the rights to seek independent professional advice at reasonable Company's expense.

In addition, the Directors have full and unrestricted access to Management and to information pertaining the Company and its subsidiaries, including to access to the Company auditors and consultants, relevant to the furtherance of their duties as Directors of the Company.

9. CODE OF ETHICS AND CONDUCT

The Board established the Code of Ethics and Conduct (“the Code”) of the Group to create a corporate culture within the Group to operate the businesses in an ethical manner and to uphold the highest standards of professionalism and exemplary corporate conduct. The Code of the Group which sets out the principles and standards of business ethics and conduct of the Group is applicable to all employees and Directors of the Group.

The principles of the Code include:

1. Compliance with laws and regulations;
2. Avoid conflict of interest;
3. Respect confidentiality;
4. Exhibit good personal behaviours; and
5. Health and safety.

The Board will review the Code periodically to ensure that it continues to remain relevant and appropriate. The Code is published on the Company’s website, www.gromutual.com for reference.

10. REVIEW OF BOARD CHARTER

This Board Charter has been reviewed and adopted by the Board on 30 November 2020 and is made available for reference on the Company’s website, www.gromutual.com.

The Board will review this Charter from time to time and make the necessary amendments to ensure that they remain consistent with the Board’s objective, current law and practices.