



ComfortRubberGloves

**COMFORT GLOVES BERHAD**  
**Registration No. 193701000006 (852-D)**  
(Incorporated in Malaysia)

# **BOARD CHARTER**



## 1 Introduction

- 1.1 The Board of Directors (“**the Board**”) of Comfort Gloves Berhad (“**CGB**” or “**the Company**”) is responsible to ensure that the highest standards of Corporate Governance throughout the Company and its subsidiaries (collectively, “**the Group**”) are practiced in all of the Group’s business dealings with its shareholders and relevant stakeholders.
- 1.2 This Board Charter incorporates the Principles and Practices of the Malaysian Code on Corporate Governance (“**MCCG**”), as considered appropriate, Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**MMLR**”) on corporate governance, certain aspects of the Company’s Constitution and relevant portions of the Companies Act 2016 insofar as the duties and responsibilities of Directors are concerned.
- This Board Charter sets out the role, functions, composition, operation and processes of the Board to ensure that all Board members are aware of their duties and responsibilities as Board members. It further highlights the principles and practices of good Corporate Governance that must be applied in all their dealings with and on behalf of, the Company.
- 1.3 This Board Charter also sets the processes and procedures for convening of Board Meetings. The Board should periodically review and publish the Board Charter on its corporate website.

## 2. Purpose of the Board Charter

The role of the Board is to promote and protect the interests of CGB Group (i.e. the shareholders and stakeholders of each member of the Group). The Board shoulders the ultimate responsibility of determining the direction of the Group, thereby ensuring the long-term success of the Group and the delivery of sustainable value to its stakeholders. The Board provides thought leadership and advice in finetuning corporate strategies, championing good governance and ethical practices, and ensures the effective execution of these strategies.

## 3. Board Structure and Composition

### 3.1 Board composition and Mix

- 3.1.1 The Board should be of a size and composition with the benefit of variety of perspective and skills that is conducive to effective decision making and effective discharge of its roles and responsibilities for the benefit of the Group and its Business.

It is also important for the Board to keep its size at a reasonable level (notwithstanding the fact that the Company’s Constitution allows a minimum of two (2) and not more than twelve (12) Directors (disregarding alternate Directors but including executive Directors), of which at least-



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- a) Two (2) or one-third (1/3), whichever is higher, must be Independent and Non-Executive Directors as defined in the MMLR and
- b) 1 Director is a woman.

The Board shall from time to time examine its size with a view to determine the impact of its number upon effectiveness.

The Independent Non-Executive Directors play a key role in providing unbiased views and impartiality to the Board's deliberation and decision-making process. In addition, the Independent Non-Executive Directors ensure that matters and issues brought to the Board are given due consideration, fully discussed and examined, taking into account the interest of all stakeholders in the Group.

- 3.1.2 The Board through the Nomination Committee ("**NC**") shall determine the appropriate size and composition of the Board and the Board Committees, which include right mix of skills, independence and competencies, comprising different expertise, experience and functional knowledge of its member on a periodic basis, to ensure an appropriate balance of skills, experience and diversity.
- 3.1.3 A Director shall inform the Board's Chairman before he/she accepts any new directorships. Each Board member must not hold directorships at more than five (5) listed issuers.

## 3.2 Independence

- 3.2.1 An Independent Director shall, upon his appointment, give to Bursa Securities a letter of confirmation that he is an Independent Director as defined under Paragraph 1.01 of the Main Market Listing Requirements ("**MMLR**") of Bursa Securities.
- 3.2.2 The role of an Independent Director is to constructively challenge and help develop proposals on strategy including, inter alia:-
  - (1) to make independent assessments of the information, reports or statements, having regard to the Directors' knowledge, experience and competence, to provide an independent view and demonstrate objectivity in reviewing and challenging the Management's proposals at meetings;
  - (2) to devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes, so as to keep abreast of industry issues, market development and trend, and enable them to sustain their active participation in board deliberations; and
  - (3) to act as a channel of communication between Management, shareholders and other stakeholders, and provide the relevant checks and balances, focusing on shareholders' and other stakeholders' interests and ensuring that high standards of corporate governance are applied.



3.2.3 Pursuant to the MCGG, the tenure of an Independent Director should not exceed a cumulative term of nine years. The nine years can either be a consecutive service of nine years or a cumulative service of nine years with intervals. Upon completion of the nine years, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a non-independent Director. However, the shareholders may, in exceptional cases where the Board is of the opinion that the Independent Director can continue beyond the nine years tenure and subject to the assessment of the NC, decide that an Independent Director can remain as an Independent Director after serving a cumulative term of nine years. The justification may be determined in the form of greater rigor and transparency in the evaluation process which accompanies any recommendation for renewal of a director's appointment/election at the general meeting through a two-tier voting process in accordance with the MCGG in the following manner:

Tier 1	Large Shareholder(s) of the company
Tier 2	Shareholders other than Large Shareholders

*Large Shareholder is defined as a person who:*

- *is entitled to exercise, or control the exercise of, not less than 33% of the voting shares in the Company;*
- *is the largest shareholder of voting shares in the Company;*
- *has the power to appoint or cause to be appointed a majority of the directors of the Company; or*
- *has the power to make or cause to be made, decisions in respect of the business or administration of the company, and to give effect to such decisions or cause them to be given effect to.*

The decision for the above resolution is determined based on the vote of Tier 1 and a simple majority of Tier 2. If there is more than one Large Shareholder, a simple majority of votes determine the outcome of the Tier 1 vote:

The resolution is successful when	Both Tier 1 and Tier 2 votes support the resolution
The resolution is defeated when	Vote between the two (2) tiers differs; or Tier 1 voter(s) abstained from voting

3.2.4 The Board will not continue the extension of Independent Director beyond year twelve.

### 3.3 Senior Independent Non-Executive Director

The Board may appoint a Senior Independent Director to whom the shareholders' concerns can be conveyed if there are reasons that contact through the normal channels of the Chairman and the CEO have failed to resolve them.

The Senior Independent Non-Executive Director contributes by playing the following roles:

- (a) Act as a point of contact for shareholders and other stakeholders with concerns which have failed to be resolved or would not be appropriate through the normal channels of the Chairman and the Group Managing Director;
- (b) Ensure balanced understanding of major shareholders' issues and concerns;
- (c) Ensures all independent directors have the opportunity to provide input on the agenda and advise the Chairman on the quality;



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- (d) Ensures that all Independent Directors receive appropriate information on a timely manner that is necessary for the Independent Directors to perform their duties effectively;
- (e) Serves as the principal conduit between the Independent Directors and the Main Board Chairman on sensitive issues, for example, managing the investigation of 'Whistle Blowing' leads; If the need arises, takes the lead in Board and shareholders' meetings in connection with related party transactions i.e. transactions with shareholders and/ or their related entities, as defined in Bursa MMLR.

### **3.4 Diversity**

- 3.4.1 The Board takes cognizance of the recommendation of MCCG and believes that women are equal contributors to the progress, growth and prosperity of CGB Group and the wider economy. Thus, the Board acknowledges the importance to promote gender diversity and target to maintain at least one (1) woman Director.

The Board will also ensure that its Gender Diversity Policy for board and senior management is disclosed in the annual report.

### **3.5 Retirement, Re-election and Appointment or Re-appointment of Directors**

- 3.5.1 Based on the recommendation of the NC, the Board shall have power at any time, to appoint any person to be a Director of the Company, either to fill a casual vacancy or as an addition to the existing Board although the total number of Directors shall not at any time exceed the maximum number fixed in the Constitution of the Company.

For the recruitment or appointment of new Directors, the NC shall ensure the review criteria are met before making recommendations to the Board. These include the review of skills, experience and strength in the qualities necessary for the discharge of responsibilities in an effective and competent manner. Apart from these, to ensure that Directors have sufficient time to fulfil their roles and responsibilities effectively, the NC shall consider the number of directorships held in other PLC's when determining candidates for recommendation to the Board. In view of this, potential candidates are not allowed to hold directorships in more than five PLCs (as prescribed in Paragraph 15.06 of the Listing Requirements).

The criteria for the recruitment or appointment (including e-election/ re-appointment) of Director is guided by fit and proper assessment by the NC based on the Terms of Reference of the NC and Remuneration Committee.



- 3.5.2 In accordance with the Company's Constitution, an election of Directors shall take place each year at the annual general meeting of the Company where 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 and be eligible for re-election. All Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires. The Directors to retire in each year shall be those who have been the longest in office since their last election, but as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

The NC shall review the composition of the Board annually and make recommendations to the Board when considered necessary to ensure the Board comprises an appropriate mix of skills and experience. Proposals for the re-appointment of Directors shall be recommended by the NC to the Board for decision prior to the shareholders' approval at the Annual General Meeting.

- 3.5.3 No person shall be appointed, re-appointed, elected or re-elected as a Director on the Board or continue to serve as a Director if the person is or becomes an active politician. A person is considered an "active politician" if he is a Member of Parliament, State Assemblyman or holds a position at the Supreme Council or division level in a political party.

### **3.6 Alternate Directors**

Each director shall from time to time be entitled to nominate any person (not being a director of the Company) to act as his alternate director and, at his discretion, to remove such alternate director. The appointment of such alternate director shall be approved by majority votes of the Board. If a director making such appointment ceases to be a director of the Company, the person appointed by him shall thereupon cease to have any power or authority to act as an alternate director. The appointed alternate director shall be entitled to receive notices of all meetings of the Board and to attend, speak and vote at the meetings of the Board at which his appointor is not present.

### **3.7 Annual Assessment**

The NC shall carry out the Board, Board Committees and individual Director's assessment exercise annually. The effectiveness of the Board is assessed in the areas of Board diversity, composition and governance, decision-making and Boardroom activities, as well as in terms of each Director's skills and expertise. The respective Board committees are assessed through the appointed Board Committee's Chairman to ascertain whether their functions and duties are effectively discharged in accordance with their respective Terms of Reference.

The effectiveness of the Board Committees is also assessed in terms of composition and governance, meeting administration and conduct, skills, competencies, roles and responsibilities. Additionally, the ability of each individual Director and Board Committee member to exercise independent judgement and demonstrate objectivity and clarity of thought on issues during deliberations at meetings, offer practical advice to the Board and/or Board Committee discussions are also taken into consideration.



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The Directors shall be assessed on their independence on an annual basis in accordance with the criteria stipulated in paragraph 1.01 of the Listing Requirements, which states that a director needs to be independent from Management and free from any business or other relationship which could interfere with his independent judgment or ability to act objectively and in the best interest of the Company. Other criteria assessed includes relevant experience, expertise, skills and competencies.

All Independent Non-Executive Directors shall not participate in the day-to-day management of the Group and shall not engage in any business dealings or other relationship with the Group. This is to ensure that they are capable of exercising judgment objectively whilst acting in the best interest of the Group, its stakeholders and shareholders, including minority shareholders. To enhance accountability, the specific functions shall be reserved for the Board and those delegated to Management.

### **4. Role and Responsibilities of the Board**

#### **4.1.1 Role of the Board**

The Board is responsible for the stewardship of CGB's business and affairs on behalf of CGB's shareholders with a view to enhance long term shareholders value as well as safeguarding the stakeholders' interest including securing sustainable long-term financial result, with proper social and environmental considerations. Hence, the Board should collectively have sound and sufficient knowledge as well as expertise to enable effective governance and oversight.

A Director shall at all times exercise his/her powers for a proper purpose and in good faith in the best interest of the Company and shall act honestly and use reasonable care, skill and diligence in discharging his/her duties and shall not make use of any information acquired by virtue of his/her position to gain directly or indirectly an improper advantage for himself/herself or for any person or to cause detriment to the Company.

#### **4.1.2 Conflict of Interest**

- (1) The Company's Constitution stipulate that a Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare his interest in accordance with the provisions of the Act. In connection with the disclosure, every Director shall state the fact and the nature, character and extent of any office or possession of any property whereby whether directly or indirectly duties or interests might be created in conflict with his duty or interest as a Director of the Company.
- (2) The Director concerned shall not participate in deliberations and shall abstain himself from casting his votes in any matter arising thereof unless otherwise as provided for in the Constitution of the Company.



- (3) Should there be an actual, potential or perceived conflict of interest between the Company or a related corporation and a Director, or an associate of a Director such as a spouse or other family members, or a related company, the Director involved shall make full disclosure and act honestly in the best interest of the Company.
- (4) An actual, potential or perceived conflict of interest shall not necessarily disqualify an individual Director from the Board provided that full disclosure of the interest has been made in good faith and with due honesty.
- (5) In the particular case where the non-interested members of the Board may decide that a director or a related party may properly supply goods or services on commercially acceptable terms to the Group, details will be reviewed by the Audit Committee. Where appropriate, the Company shall seek a general mandate from the shareholders at the general meetings for the Group to undertake the said transactions. Further disclosures will be provided in the Notes to the Audited Financial Statements.
- (6) The Company Secretary shall aid the annual independence and conflict of interest self-declaration by the Directors.

## 4.2 Principal Responsibilities

The Board reserves a formal schedule of matters for its decision to ensure that the direction and control of the Company are firmly in its hands. These matters comprise:

- 4.2.1 Promoting together with Senior Management, good corporate governance culture within the Group which reinforces ethical, prudent and professional behavior;
- 4.2.2 Review, adopt and oversee a strategic plan for the Group
  - (a) Review and approve Management's proposal on strategic issues and planning, including performance reviews and promoting business sustainability, taking into consideration the economic, environmental and social ("ESS") risks and opportunities.
  - (b) Business strategic plan, performance targets, annual budget (Including capital expenditure budget);
  - (c) Treasury policies and bank mandate;
  - (d) Implementation of key policies, corporate governance policies and practices;
  - (e) Establishment of Sustainability and Risk management policies.
- 4.2.3 Overseeing the conduct of the Group's business
  - (a) Oversee the conduct of the Group's business, including the formulation of strategy and performance objectives, control and accountability systems, corporate governance framework, risk management practices and human capital management;
  - (b) Approve and monitor progress of major capital expenditure, fund-raising, acquisitions and divestitures;
  - (c) Supervise and assess the performance of Management to determine whether the business is being properly managed and ensure that appropriate measures are in place against which Management's performance can be assessed;
  - (d) Review, challenge and decide on Management's proposals for the Group and monitor its implementation by Management;





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- (e) Monitor compliance with established policies and procedures; and
- (f) Monitor related party transactions, recurrent related party transaction and matters involving any conflict of interest relating to substantial shareholder or Director.

### 4.2.4 Financial

- (a) Limits of authority;
- (b) Interim and annual financial statements and release of the said financial announcements;
- (c) Interim dividends, recommendation of final dividends and making of any other distribution;
- (d) Financing facilities and banking arrangements including changes to authorize signatories and approval limit;
- (e) Adoption of accounting policies;

### 4.2.5 Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures:-

- (a) Understand the principal risks of the Group business and recognise that business decisions involve the taking of appropriate risks;
- (b) Fulfill statutory and fiduciary responsibilities by monitoring the operational, financial and risk management processes of the Group and ensuring that internal control procedures are in place;
- (c) Set the risk appetite within which the Board expects Management to operate and ensure that there is a sound risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks; and
- (d) Comply with environment, safety and health legislation by understanding the operations being carried out by employees and the hazards and risks associated with such operations.

### 4.2.6 Succession Planning

- (a) Ensure Senior Management has the necessary skills and experience; and
- (b) Ensure measures are in place to provide for orderly succession planning, including appointing, training, fixing the compensation of and, where appropriate, replacing Senior Management.

### 4.2.7 Overseeing the development and implementation of a stakeholder communications policy for the Group

- (a) Ensure that the Group has in place a policy to enable effective communication with its stakeholders. This policy should include how feedback received from its stakeholders is considered by the Group when making business and other decisions.



4.2.8 Reviewing the adequacy and the integrity of the management information and internal control systems of the Group:

- (a) Ensure that there is a sound framework of reporting on internal controls and regulatory compliance;
- (b) Review the efficiency and quality of the Group's financial reporting process and systems of accounting and internal controls; and
- (c) Ensure the integrity of the Group's financial and non-financial reporting.

4.2.9 Review and approve the following Reports:

- (a) Financial Statements encompassing annual audited financial statements and quarterly report, credit facilities from financial institutions and guarantees;
- (b) Audit Committee Report, Risk Management and Internal Control Statement for the Annual Report;
- (c) Corporate Governance Statement/Report on compliance with MCCG for the Annual Report;
- (d) Code of Conducts, Group's policies on Whistle Blowing Policy and Anti Bribery and Corruption Policy and Terms of References of the Board Committees.

4.2.10 Conduct of the Board

- (a) Appointment of Directors and Chairman, and recommendation for removal of Directors;
- (b) Appointment and removal of Company Secretaries;
- (c) Establishment of Board Committees and appointment/changes of Board Committees' members and review Terms of Reference of Board Committees and amendments thereto;
- (d) Appointment of Executive Director(s) of the Company and their duties and the continuation (or not) of their service.
- (e) Review, before attending meetings of the Board or Committees, all materials provided by the Company relating to matters to be considered at the meetings.

4.2.11 Other Matters

- (a) The granting of powers of attorney by the Company;
- (b) The entering into of any indemnities or guarantees;
- (c) Recommendation for alteration of the Constitution;
- (d) Change of accounting reference date, registered office and name of the Company;
- (e) Recommendation for purchase of own shares by the Company.
- (f) Issue of any debt instruments;
- (g) Scheme of reconstruction or restructuring;
- (h) Any other matters requiring the convening of a general meeting of shareholders or any class of shareholders;
- (i) Matters affecting the reputation of the Group;
- (j) Approve the appointment of External Auditors and their related audit fee; and
- (k) Any other matters as may be required by the laws or the governing authorities.



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### **5 Board Leadership**

#### **5.1 Role of the Chairman**

- 5.1.1 The Board shall appoint from amongst its members a Chairman who represents the Board to carry out a leadership role in the conduct of the Board and its relations with the shareholders and other stakeholders.
- 5.1.2 The position of the Chairman of the Board should not be a member of the Audit and Risk Management Committee, NC and Remuneration Committee.
- 5.1.3 The Chairman is primarily responsible for:
- (a) Leading the Board in setting the values and standards as well as the adoption and implementation of good corporate governance practices in the Group;
  - (b) Maintaining a relationship of trust with and between the executive and non-executive Directors;
  - (c) Setting the board agenda and ensuring the provision of accurate, timely, complete and clear information to Directors;
  - (d) Acting as chief spokesperson and representative of the Board and Group;
  - (e) Ensuring the adequacy and integrity of the governance process and issues including upgrading and monitoring good corporate governance practices within the Group;
  - (f) Chairing Board and shareholder meetings and ensuring the proceedings thereof comply with good conduct and practices;
  - (g) Ensuring that the Board is kept updated on their statutory obligations to the Company, its shareholders, employees and other stakeholders;
  - (h) Functioning as a facilitator at meetings of the Board to ensure that no member, whether executive or non-executive, dominates discussion and that relevant discussions take place with relevant opinions among members forthcoming. The Chairman will ensure that discussions result in logical and understandable outcome;
  - (i) Ensuring that all Directors are enabled and encouraged to participate in Board meetings. This includes ensuring that all relevant issues are on the agenda and that all Directors receive timely, relevant information tailored to their needs and that they are properly briefed on issues arising at Board meetings;
  - (j) Ensuring that Executive Directors look beyond their executive function and accept their full share of responsibilities of governance and provide regular updates on all issues pertinent to the welfare and future of the Group to the Board;
  - (k) Liaising and co-ordinating input from all Directors, especially Board Committees' Chairman, to optimise the effectiveness of the Board and its Committees;



- (l) Guiding and mediating Board actions with respect to organisational priorities and governance concerns; and
- (m) Performing other responsibilities assigned by the Board from time to time.

5.1.4 The Chairman may delegate specific duties to the Executive Directors, other Board members and/or Committees as appropriate.

5.1.5 The Chairman shall ensure that the Board Committee meetings are not combined with the main Board meeting.

## **5.2 Role of the Independent Non-Executive Directors**

5.2.1 Independent Directors are essential for protecting the interests of shareholders and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality. Since an Independent Director has no conflict of interests in the discharge of his or her duties, he or she ought to approach any approval that is being sought at the Board's level for a transaction or any matter with a watchful eye and with an inquiring mind.

5.2.2. An Independent Director is especially important in areas where the interests of Management, the Company and/or the shareholders diverge, such as executive performance and remuneration, related party transactions and audit.

5.2.3 The attributes of collegial yet independent decision-making that must be vested in the Independent Director would be determined in part by the character of the individual and that of the Board as a whole.

## **5.3 Non-Executive Directors**

5.3.1 A Non-Executive Director is a member of the Board of Directors who is of calibre, credibility and has the necessary skills and experience to bring an independent judgement to bear on the issues of strategy, performance and resources, including key appointments and standard of conduct.

5.3.2 The responsibilities of Non-Executive Directors include the following:

- (a) Make an independent assessment of the information, reports or statements, having regard to the directors' knowledge, experience and competency, to provide an independent view and demonstrate objectivity in reviewing and challenging the Management's proposal at meetings;
- (b) Act as a channel of communication between the Management, shareholders and other stakeholders, and provide the relevant checks and balances, focusing on shareholders' and other stakeholders' interests and ensuring that high standards of corporate governance are applied; and
- (c) Commit to their responsibility to the Company, including exercise of their fiduciary and leadership roles.



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- 5.3.3 Where the CEO or Executive Directors form part of the Board, the Non-Executive Directors are encouraged to meet among themselves at least annually to discuss among others strategic, governance and operational issues.

### **5.4 Role of the Group Managing Director (“GMD”)**

- 5.4.1 The position of GMD in essence is to ensure the effective implementation of the Company’s strategic plan and policies established by the Board, overseas the operations of the Flagship Subsidiary Companies and drive the Group’s businesses and performance towards achieving the Group’s vision and to manage the daily conduct of the business to ensure its smooth operations, supervision and management of the Company subject to such directions and instructions from the Board.
- 5.4.2 The GMD is accountable to the Board for the achievement of the Company’s goals and objectives and observance of Management’s limits.
- 5.4.3 At each of its scheduled meetings, the Board should expect to receive from or through the GMD:
- Summary reports on the performance and activities of the Company and specific proposals for strategic investment, tender participation, capital expenditure acquisitions and disposals (if any);
  - Such assurances as the Board considers necessary to confirm that Management’s limits are being observed;
  - Report to the Board annually on the GMD succession planning process; and
  - Report to the Board annually on the Company’s program for developing Management talent.
- 5.4.4 Generally, the GMD is responsible to the Chairman/ Board for the following, with regards to the Company and the Group:
- Executive management of the business covering, inter-alia, the development of a strategic plan, an annual operating plan and budget, performance benchmarks to gauge Management’s performance and the analysis of management reports;
  - Developing long term strategic and short term profit plans, designed to ensure that the Company’s requirements for growth, profitability and return on capital are achieved;
  - Directing and controlling all aspects of the business operations in a cost effective manner;



- Effectively oversees the human resource of the organization with respect to key positions and ensures the general well-being of employees, determination of remuneration as well as terms and conditions of employment for Senior Management in consultation with the Board, if required, and the issues pertaining to discipline of employees;
- Effectively represents the interest of the Company with major clients, government and their agencies, and industries at large, ensure general goodwill towards the Company and cooperation in planned development;
- Assures the Company that its corporate identity, products and services are of high standards and are reflective of market environment;
- Provides assistance to the Board in discharging its duties; and
- Assists the Chairman in organizing information necessary for the Board to deal with the agenda and for providing this information to Directors on a timely basis.

## 6. **Separation of functions between the Chairman and the Group MD**

The position of the Chairman and the Group MD are held by different individuals. The roles of the Chairman and Group MD are distinct and separate. The distinct roles of the Chairman and the Group MD, with a clear line of responsibilities is to ensure that there is a balance of power and authority, such that no one individual has unfettered powers of decision-making.

## 7. **Qualified and Competent Company Secretary**

The Board consults the Company Secretary on procedural and regulatory requirements and, as such, the latter plays an important role in supporting the Board by ensuring adherence to Board policies and procedures.

### 7.1 Appointment and removal of Company Secretary

The appointment and removal of Company Secretary is a matter for the Board as a whole. The Board recognizes that the Company Secretary shall be suitably trained, experienced, professionally qualified and capable of carrying out the duties required of the position. Qualifications may be determined subject to academic qualifications, experience in related field and/or by virtue of examination and membership with professionally recognized institutions.



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### 7.2 Responsibilities of the Company Secretary

The primary responsibilities of the Company Secretary shall include the following:-

- i) advise the board on its roles and responsibilities;
- ii) manage all board and board committees' meetings logistics, attend and record minutes of all board and board committee meetings and facilitate board communications;
- iii) advise the board on corporate disclosures and compliance with company and securities regulations and listing requirements;
- iv) manage processes pertaining to the shareholders' meeting;
- v) ensure that board procedures and applicable rules are observed;
- vii) prepare minutes to document board and board committees' proceedings and ensures conclusions are accurately recorded;
- viii) ensure timely dissemination of information relevant to directors' roles and functions and keeps them updated on new or evolving regulatory requirements;
- ix) facilitate the orientation of new directors and assist in directors' training and development; and
- x) monitor corporate governance developments and assist the board in applying governance practices to meet the board's needs and stakeholders' expectations.
- xi) ensure proper upkeep of statutory registers and records, accurate and proper records of the proceedings and resolutions passed are taken and maintained in the statutory register at the registered office of the Company.

All Members, particularly the Chairman, have access to the advice and services of the Company Secretary for the purposes of the Board's affairs and the business.

## 8. Remuneration of the Board

- 8.1 Directors' fees and benefits payable to Directors are subject to shareholders' approval at annual general meetings.
- 8.2 The Board members' remuneration is generally determined at levels which would continue to attract and retain Board members of such calibre to provide the necessary skills and experience as required and commensurate with the responsibilities for the effective management and operations of the Group.
- 8.3 The review of the remuneration of the Directors (Executive and Non-Executive) will be carried out by Remuneration Committee on an annual basis for approval of the Board.



- 8.4 The determination of the remuneration of the Executive Directors will be a matter to be decided by the Board as a whole. The mechanism for remuneration for Executive Directors is structured in a manner wherein an Executive Director is rewarded based on the Company's performance and also individual performance. The Executive Directors are not and should not be taking part in deciding his/her own remuneration.
- 8.5 The remuneration of Non-Executive Directors 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 of Non-Executive Directors shall commensurate with their responsibilities, time commitment, experience, expertise and the complexity of the Company's activities and should be in line with market practice.

## 9. Board Committees

The Board has the right to establish Board Committees from time to time, in the discharge of its duties and responsibilities. Where a Board Committee is formed, specific terms of reference of the Board Committee shall be established in writing to cover matters such as the objective, composition, functions, roles and responsibilities of the Board Committee, including whether the Board Committee has the power to decide or to make recommendation to the Board on specific matters.

The relevant Board Committees established are as follows:

- Audit Committee ("AC")
- NC
- Remuneration Committee ("RC")

The respective Board Committee's Terms of References are set out in the Appendices A, B and C.

## 10. Board Processes

### 10.1 Board meetings

- 10.1.1 Meetings shall be conducted at least 4 times in each financial year and at any such time as it deems necessary to fulfill its responsibilities. The Board's annual calendar for meetings is prepared before the beginning of each year. It provides the scheduled dates for meetings of the Board and Board Committees as well as the annual general meeting.
- 10.1.2 The Board may also invite external parties such as auditors, solicitors and consultants when the need arises.
- 10.1.3 The quorum for a meeting of Directors necessary for the transaction of any business of the Company shall be a minimum of two (2) Directors. The quorum of an adjourned meeting shall be minimum two (2) Directors, or their respective alternate.





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Each member of the Board is entitled to one vote in deciding the matters deliberated in the meeting. The decision that gained the majority votes of the Board shall be the decision of the Board. In the event of an equality of votes, the Chairman of the Board shall be entitled to a second or casting vote.

10.1.4 Resolutions of the Directors at a meeting or adjourned meeting of the Directors shall be adopted by a simple majority vote of the Directors present.

10.1.5 The Directors may participate in a meeting of the Directors by means of tele-conferencing or video-conferencing or such other form of communications whereby the Director(s) can participate without the need for the Director(s) to be physically present at the meeting and participation in the meeting in such manner shall be deemed to constitute presence in person at such meeting. The Directors participating in any such meeting shall be counted in the quorum for such meeting. All resolutions agreed by the Directors in such meeting shall be deemed to be as effective as a resolution passed at a meeting in person of the Directors duly convened and held. All Directors are required to comply with the minimum requirements on attendance (minimum 50% attendance) at Board meetings as stipulated in the Listing Requirements.

## 10.2 **Agenda**

The notice for a Board meeting shall be given in writing at least seven (7) days before the meeting, or such shorter notice as agreed by all Directors, specifying the date, time and place of the meeting and the business to be transacted.

The agenda shall include, amongst others, matters specifically reserved for the Board's decision. The Board shall record its deliberation, in terms of the issues discussed, and the conclusions thereof in discharging its duties and responsibilities.

## 10.3 **Circular resolutions**

10.3.1 In the event issues requiring the Board's decision arise between Board meetings, such issues shall be resolved through circular resolutions subsequent to discussions being held amongst the Board members, either via tele-conferencing, video-conferencing, email, etc. in order for the Board as a whole to be informed on such matters and obtain their view points before arriving at a decision.

10.3.2 Such circular resolutions in writing shall be valid and effectual as if they are signed or approved by letter, telex, facsimile or telegram by a majority of the Board and such discussions, including any concerns raised and the rationale for the decisions so made in the resolution shall be tabled at the next Board meeting for formal record keeping.



#### **10.4 Meeting papers**

- 10.4.1 To allow sufficient time for Directors to consider the relevant agenda items, Board papers and relevant information on the agenda items shall be circulated at least five (5) days prior to the meeting, or a shorter period due to extenuating circumstances, prior to the meeting to enable Directors time to review the materials, and where necessary, conduct independent analyses or request additional materials.
- 10.4.2 When there is a need to table a report, a brief description of findings and/or recommendations shall be prepared as additional information.
- 10.4.3 The minutes shall record the proceedings of the meeting, the tabling of pertinent issues, the substance of inquiry and response, relevant suggestions and decision made, including whether any Director abstained from voting or deliberating on a particular matter, as well as the rationale behind those decisions. Minutes of meeting should be circulated to all members of the Board in a timely manner.

#### **11. Access to information**

- 11.1 All Directors (Executive and Non-Executive) shall have the right of access to all the records maintained and held by the Company Secretary.
- 11.2 All Directors (Executive and Non-Executive) have the same right of access to information relevant to the furtherance of their duties and responsibilities as Directors of the Company, subject to a formal written request to the Chairman furnishing satisfactory and explicit justification for such request.

#### **12.1 Independent professional advice**

- 12.1 The Board, as a whole, as well as any Director is entitled to obtain independent professional advice relating to the affairs of the Company or to his or her responsibilities as a Director.
- 12.2 If a Director considers such advice necessary for the discharge of duties and responsibilities as Director and for the benefit of the Company, such Director shall first discuss it with the Chairman and, having done so, shall be free to proceed, where appropriate.
- 12.3 Subject to the prior approval of the Chairman, the cost of the advice shall be reimbursed by the Company but the Director concerned shall ensure, so far as is practicable, that the cost is reasonable.



## BOARD CHARTER

### 13. Induction Process

- 13.1 The objective of the induction process is to provide Directors with a rapid and clear insight into the Group as well as keeping them abreast with development in the marketplace pertaining to the oversight function of Directors. This will enable the Directors to discharge their duties and responsibilities effectively.
- 13.2 Induction of Directors may include, but not limited to, the following:
- furnishing of a copy of the previous board minutes for at least the past six (6) months; the business/strategic plan, pertinent Management reports; profile of key competitors and significant reports by management consultants on areas of board responsibilities;
  - CGB Group's code of conduct;
  - CGB Group's Anti-Bribery and Anti-Corruption Policy;
  - visits to key sites; and
  - a formal one (1) to two (2) day induction programme, including the elements above, and also presentations from various divisions on their strengths, weaknesses and ambitions.

### 14. Directors' Training

Directors' training is an on-going process for the Directors to continually develop and refresh their knowledge and skills, and to update themselves on developments in the steel industry and business landscape both domestically and internationally. Such trainings can include attending external seminars/talks/trade fairs/exhibitions as well as internally facilitated sessions and through reading materials.

In addition to the Mandatory Accreditation Programme as required under the Listing Requirements, the Board, through the NC, shall assess the training needs of the Directors from time to time and to ensure that its members continue to update their knowledge and enhance their skills through appropriate continuing education programme and lifelong learning. This will enable directors to fulfil their responsibilities to the Company and enhance their contributions to board deliberations.

The Board's policy requires each Director to attend at least one (1) training session annually. The Board assesses each member's training requirements based on the feedback from members of the Board. The NC will then analyse the training needs of each Director and delegate the task of sourcing for the appropriate training, according to the Director's needs, to the Human Resource Department of the Group. Directors are also personally responsible for their own training needs and should they come across any suitable training, they will notify the Human Resource Department to make arrangements accordingly.

The trainings attended by the Directors will be disclosed in the annual report. In special circumstances, valid justifications for non-attendance at any training by Directors during the financial year shall also be disclosed.



## 15. Board Relationships with Shareholders

### 15.1 Effective communication and general meetings

15.1.1 The Board shall maintain an effective communication policy that enables both the Board and Management to communicate effectively with shareholders, stakeholders and the general public.

15.1.2 It is the role of the Board to ensure that the General Meetings (“GM”) of the Company are conducted in an efficient manner and serve as a crucial mechanism in shareholder communications. This includes the supply of comprehensive and timely information to shareholders and the encouragement of active participation at the GM:

In this regards, the Board shall ensure that the Company:

- immediately announces any material information;
- immediately announces the occurrence of events prescribed under the Listing Requirements;
- immediately announces transactions which trigger the prescribed materiality threshold;
- announce, on a periodic basis, its financial statements and annual audited financial statements and Annual Report;
- conduct dialogues or telephone communications with the fund managers, institutional investors and investment analyst as well as the media to provide insights on the operations, financial performance and latest developments in the Group’s business and prospects; and
- maintains its own website which is current, informative and contains all information such as all announcements made to Bursa Securities and the contact details of the Company’s designated person to enable the public to forward queries.

## 16. Annual General Meeting

The Annual General Meeting (“AGM”) serves as an ideal opportunity for dialogue and interaction with both institutional and individual shareholders. The Company dispatches Notice of its AGM to shareholders more than 28 days which is well in advance of the 21 days requirements stipulated in the Companies Act, 2016 and MMLR. The additional time allows shareholders to make the necessary arrangements to attend and participate in person or by proxy or by corporate representative at the AGM.

During the meeting, shareholders are given the opportunity to enquire and comment on matters relating the Group’s business in addition to the Company’s financial statements and other items for adoption at the meeting.

All the Directors, Management and the External Auditors in attendance are to respond to shareholders’ queries, where appropriate.



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### 17.1 Code of Business Conduct and Ethics

The Board shall formalise and maintain a set of ethical standards of behaviour expected of all Directors, Management, employees and, where applicable, counterparts and business partners through the Group's Code of Business Conduct and together with Management, implement its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The policies of the Group's Code of Business Conduct should be integrated into group management practices.

The Board shall formalize and maintain a set of ethical standards of behavior.

### 17.2 Whistleblowing Policy and Procedures ("WPP")

The Company's Whistleblowing Policy and Procedures ("WPP") seek to foster an environment where integrity and ethical behaviour are maintained and any illegal or improper action and/or wrongdoing in the Company may be exposed. The Audit Committee ("AC") is responsible for overseeing the implementation of the WPP for the Group's management, and all whistle-blowing reports are addressed to the AC Chairman. The Group Managing Director is responsible for overseeing the implementation of the WPP for the Group's employees, where the Group Managing Director would address all whistle-blower reports made by employees or external parties as prescribed under the WPP.

### 17.3 Anti Bribery and Corruption Policy

The Company's Anti Bribery and Corruption policy ensure all business are conducted in an honest and ethical manner. The implementation of the policies would manage bribery and corruption risks in the Company and promote the culture of integrity within the organizations and ensure the compliance of laws and regulatory requirements. The Human Resource Department are tasked to review and maintain the record of all gifts, invitations and hospitality accepted by the employees. All forms of unlawful activity related to bribery and corruption shall be reported to the Head of Department/ Human Resource Manager/ Executive Directors and subsequently to the Audit Committee and the Board.

The Company's Code of Conduct, Whistleblowing Policy and Anti Bribery and Corruption Policy are at the Company's website at [www.comfort-rubber.com.my](http://www.comfort-rubber.com.my).

## 18. Deeming Provision

The provisions under this Board Charter have been drafted in a manner to incorporate the provisions under the MMLR, the Code and other statutes, regulations and guidelines applicable to the Board Charter (if any). In the event the applicable provisions of the MMLR, the Code and/or relevant governing statutes, regulations and guidelines relating to the Board Charter are from time to time amended, modified or varied, such amendments, modifications and variations shall be deemed inserted herein whereupon these Board Charter shall be read and construed subject to and in accordance with the amended, modified or varied MMLR, Code, statutes, regulations and guidelines.



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BOARD CHARTER

## **19. Review of Board Charter**

The Board Charter and the terms of reference of each Board Committee established by the Board shall be reviewed periodically and updated in accordance with the needs of the Company and any new regulation that may have an impact on the discharge of the Board's responsibilities.

The Board Charter is made available for reference in the Company's website at [www.comfort-rubber.com.my](http://www.comfort-rubber.com.my).

*This Board Charter has been revised and adopted by the Board on 18 February 2022.*