



**BOARD CHARTER  
AND  
CODE OF ETHICS**



## **DIALOG GROUP BERHAD**

### **BOARD CHARTER**

#### **1. INTRODUCTION**

The Board of Directors (“**Board**”) of DIALOG GROUP BERHAD (“**the Company**” or “**DIALOG**”) believes that strong corporate governance is essential for delivering sustainable value. It ensures business integrity and maintains investors’ confidence in DIALOG Group’s (or “**the Group**”) corporate objectives. The Board is accountable and responsible for the Company’s performance and affairs. As a result, it is committed to good corporate governance.

#### **2. PURPOSES**

This Board Charter provides guidance to the Board in the discharge of its duties and functions. The Charter sets out, among others, the roles and responsibilities of the Board to ensure that each Board member acts on behalf of the Company and is always aware of his fiduciary duties and responsibilities, the legislation and regulations affecting their duties as directors; and the principles and practices of good corporate governance which apply to the Group.

The Charter also acts as a source of reference and induction literature to provide insights to prospective Board members and senior management. In addition, the Board Charter will assist the Board in the assessment of its own performance and of its individual Directors.

#### **3. THE BOARD**

##### **3.1 Composition**

The Board consists of qualified individuals with a diverse set of skills, experience and knowledge necessary to govern the Company. The executive directors of the Board shall comprise mainly of individuals who have working experience in the oil & gas industry and they shall be complemented by non-executive directors who have legal, accounting, banking, finance or other experience. The composition and size of the Board will be reviewed from time to time to ensure its suitability to facilitate the decision making of the Company.

The Articles of Association of the Company provide for a minimum of two (2) directors and a maximum of eleven (11) directors. At any one time, at least two (2) or one third (1/3), whichever is higher, of the board members must be independent directors. The independent directors provide the strong independent element to the Board to ensure that all matters are reviewed with objectivity, balance and fairness.

The tenure of an independent director shall not exceed a cumulative term of nine (9) years as prescribed under the Malaysian Code on Corporate Governance 2012.

The Board shall identify an independent non-executive director to be appointed as the Senior Independent Director who will attend to any query or concern raised by shareholders as an alternative to the existing formal channel of communication with shareholders.

### **3.2 Appointment and Re-election**

The Board shall deliberate and determine any appointment of a new director upon the recommendation from the Nomination Committee (“**NC**”), which should comprise exclusively of non-executive directors, a majority of whom must be independent. In making these recommendations, the NC will consider the required mix of skills, experience, qualities, time commitment and diversity, including gender, ethnicity and age, where appropriate, which the proposed new Director is able to bring to the Board.

The Articles of Association of the Company provides that every newly appointed director is subject to re-election at the immediate Annual General Meeting (“**AGM**”) and at every AGM, one third (1/3) of the Board shall retire from office and be eligible for re-election at every AGM. All directors shall submit themselves for re-election at least once every three (3) years.

### **3.3 Independence of Director**

The Board shall assess the independence of the directors annually by taking into consideration their disclosed interests and having regard to the criteria for assessing the independence of directors under the annual Board Assessment. The Board shall focus beyond the independent director’s background, economic and family relationships and consider whether the independent director can continue to bring independent and objective judgment to board deliberations.

### **3.4 Other Directorships / Consultancy**

Except for any directorship or consultancy to any oil and gas companies and companies providing related products and services, where the Board’s prior consent is required, a director may accept outside appointments to other public companies’ boards, provided that such director must notify the Chairman of the Board before accepting any new directorship or consultancy and provide an indication of time expected to be spent on the new appointment.

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

### 3.5 Board Role

The Board is the ultimate decision-making body of the Group, with the exception of matters requiring shareholders' approval. The Board assumes, amongst others, leadership, due care and fiduciary duties under the Companies Act 1965 and applicable laws, and the following duties and responsibilities:-

- (i) reviewing and adopting the overall strategic and sustainability plans and programmes for the Company and the Group, including setting performance objectives and policies;
- (ii) overseeing and evaluating the conduct of the business of the Company and the Group;
- (iii) overseeing and reviewing the risk management framework, processes and monitoring of risks to ensure that risks are managed accordingly;
- (iv) reviewing the adequacy and the integrity of the internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- (v) establishing a succession plan, including appointing, training and fixing the responsibilities and remuneration of the Chief Executive Officer and executive directors of the Group;
- (vi) developing and implementing an investor relations programme or shareholder communication policy for the Company;
- (vii) overseeing and monitoring work health and safety processes, performance and issues;
- (viii) promoting ethical values and standards in the workplace; and
- (ix) implementing gender diversity policies by taking steps to ensure that women candidates are sought as part of the recruitment exercise.

#### **Matters Reserved for the Board**

The following are matters which are specifically reserved for the Board's approval which include, amongst others, reviewing and approving the following:-

- (i) material corporate plans, programmes and budgets;
- (ii) material investments, material divestments, mergers and acquisitions, new ventures and corporate restructuring;
- (iii) material acquisitions and disposals of undertakings and properties;
- (iv) corporate guarantees and parental guarantees;
- (v) annual financial statements and quarterly financial results prior to release to Bursa Malaysia Securities Berhad ("**Bursa Malaysia**");
- (vi) change of directors based on recommendation of the Nomination Committee;
- (vii) internal and external audit plans; and
- (viii) proposals for dividends.

### **3.6 Separation of positions of Executive Chairman, Executive Deputy Chairman and Chief Operating Officer**

The Board ensures that the roles of the Executive Chairman, Executive Deputy Chairman and Chief Operating Officer are distinct and separate to ensure there is a balance of power and authority.

The Executive Chairman provides leadership in corporate services & strategies, stakeholder relationships, human capital and development whilst the Executive Deputy Chairman deals with business strategies and new ventures. The Chief Operating Officer is responsible for the implementation of corporate and business strategies for the Group and managing the day-to-day operations of the Group.

3.6.1 The key roles and accountabilities of the Executive Chairman, amongst others, are as follows:-

- (i) the Chairman shall preside at all Board and general meetings unless he so delegates;
- (ii) to lead the Board to ensure smooth functioning of the Board, the governance structure and inculcating a positive culture in the Board;
- (iii) to develop corporate strategies for the Group;
- (iv) to facilitate the effective contribution by encouraging Directors to take an active role at Board meetings;
- (v) to promote constructive and respectful relations between Directors, and between the Board and Management;
- (vi) to ensure that information is delivered to Board members on a timely basis to facilitate decision-making; and
- (vii) to ensure effective communication with shareholders and all stakeholders.

3.6.2 The key roles and accountabilities of the Executive Deputy Chairman, amongst others, are as follows:-

- (i) to develop business strategies for the Group;
- (ii) to assess and pursue new ventures and business opportunities which are of potential benefit to the Group; and
- (iii) to provide directions in the implementation of short and long term business plans.

3.6.3 The key roles and accountabilities of the Chief Operating Officer, amongst others, are as follows:-

- (i) to implement corporate and business strategies for the Group;
- (ii) to supervise heads of divisions for both the Malaysian and International operations of the Group;
- (iii) to ensure the efficiency and effectiveness of the operations, and adequacy of internal controls as well as risk management systems of the Group; and
- (iv) to keep the Board fully informed of all important aspects of the Group's operations on a timely basis.

### **3.7 Board Committees**

The Board may from time to time establish Board Committees as it considers appropriate to assist in carrying out its duties and responsibilities. The Board delegates specific functions to the following Board Committees to assist in the execution of its responsibilities:-

- (i) Audit Committee;
- (ii) Remuneration Committee;
- (iii) Nomination Committee;
- (iv) Risk Management Committee;
- (v) Employees' Share Option Scheme ("ESOS") Committee; and
- (vi) Management Committee.

The said Board Committees operate under clearly defined roles and responsibilities as set out in its respective terms of reference. The Board may also delegate specific functions to ad hoc committees as and when required. The Board Committees undertake in-depth deliberation and findings of the issues at hand before tabling its recommendations thereon to the Board.

### **3.8 Board Meetings**

The Board shall meet at least once every quarter with additional Board meetings to be convened as and when necessary. Each director shall attend at least three fourth (3/4) of all Board meetings held in a financial year. Where a director is appointed during the financial year, that director shall attend at least three fourth (3/4) of all Board meetings since his appointment date. In addition to Board meetings, the directors will also attend annual budget & business strategy meetings and briefings on any proposed material investment, contracts, agreements and joint venture partnerships. Directors are encouraged to attend and participate in the deliberations actively.

Directors will be provided with the agenda and board papers on financial performance, progress reports of the core businesses, corporate development, regulatory updates, business development, audit reports, risk management reports and updates on corporate social responsibility at least seven (7) days prior to Board meetings. The directors may request for the senior management of various core businesses to provide additional insights and deliberations to their areas of responsibilities during Board meetings.

### **3.9 Directors' Remuneration**

The Board will determine the level of remuneration paid to directors by taking into consideration the recommendations of the Remuneration Committee. The remuneration package, which consists of salary, allowance, employers' contribution to the Employees Provident Fund, bonus, incentive, ESOS and other benefits are accorded to the executive directors. The package is structured to reward the executive directors based on corporate and individual performance with close links to the Group's operational and financial performance. Executive directors shall not receive any directors' fees.

Fees payable to non-executive directors shall be remunerated by a fee for their positions in the Board and Board Committee, and meeting attendance allowances. The non-executive directors who holds the Chairman position in each board committee shall be remunerated with a higher fee as compared to the other non-executive directors.

### **3.10 Directors' Training & Continuing Education**

All new directors shall be provided with the orientation and education programme. In addition to the Mandatory Accreditation Programme as required by Bursa Malaysia, directors shall continue to update their knowledge and enhance their skills through continuing education programmes. The continuous education is essential for the directors to keep abreast with the dynamic environment in which the Group operates and to enable the directors to effectively discharge their duties and hold active participation in Board deliberations. The Board and each director shall assess the training needs of the directors and oneself respectively from time to time.

The Board should regularly request each director to identify appropriate training that he believes will enhance his contribution to the Board. The Board must disclose in the annual report whether its directors have attended training courses during the financial year.

## **4.0 INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION**

The Board shall strive to maintain high standards of transparency and accountability in its communication to shareholders, as well as to potential investors, analysts and other stakeholders.

Communication lines, amongst others, are as follows:-

- (i) timely announcements and disclosures made to Bursa Malaysia and DIALOG's website, which includes quarterly financial results, awards of material contracts, changes in the composition of DIALOG, general meetings, and any other material information that warrants announcement;
- (ii) briefings, meetings, dialogues, site visits, road shows and teleconferences with institutional investors, fund managers, analysts, investors and media representatives;
- (iii) press conferences which are normally held after the annual general meeting (AGM) and/or extraordinary general meeting to provide the media an opportunity to receive an update from the Board on the proceedings at the meetings and to address any queries or areas of interest to the media;
- (iv) make available a summary of DIALOG's investor relations activities and additional corporate information and/or disclosures of DIALOG for reference on the Company's website; and

The AGM is the main forum for dialogue with shareholders. After the conclusion of the AGM, there shall be an open discussion with shareholders on any issues with regard to the Group including issues of strategy and performance, and macro views of the oil, gas and petrochemical industry. The Board shall encourage shareholders to participate in the questions and answer session at the AGM.

## **5.0 CORPORATE DISCLOSURE**

The Board must ensure that the Company has internal corporate disclosure policies and procedures which are practical and include feedback from the management.

## **6.0 RISK MANAGEMENT AND INTERNAL CONTROLS**

The Board is responsible for the total process of risk management and maintaining an adequate and effective system of internal controls.

The Board must ensure that appropriate risk management and internal controls framework and processes are in place to continuously identify, assess, evaluate, treat/mitigate as well as monitor and report potential risks and weaknesses in internal controls that might affect the Group's operations.

The Board may delegate its role of the review process to the Board Committees, for example the Audit Committee and Risk Management Committee.

However, the Board as a whole remains responsible with regards to the review process of risks management and internal controls as well as the outcomes arising from the review processes.

## **7.0 ACCESS TO INFORMATION AND INDEPENDENT ADVICE**

All directors shall have access to all information within the Company, whether as a Board or in their individual capacity to enable them to better understand and assess the Company's performance.

The directors, collectively or individually, may upon request, seek independent advice from the Group's advisers who are experts in the oil, gas and petrochemical industry and other professionals at the Company's expense in furtherance of their duties so as to ensure the directors are able to make independent and informed decisions.

## **8.0 COMPANY SECRETARIES**

The Company Secretaries play an important advisory and compliance role, and is a source of information and advice to the Board and Board Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company and the Group. The Board has direct and unrestricted access to the advice and services of the Company Secretaries. The appointment of the Company Secretary is decided by the Board.

## **9.0 CORPORATE SOCIAL RESPONSIBILITY**

The Board promotes corporate social responsibility activities or practices within the Company for (i) supporting community issues, (ii) conserving the environment and addressing environmental issues, (iii) providing a quality work environment, and (iv) active involvement in the marketplace.

## **10. POLICY STATEMENT ON HEALTH, SAFETY & ENVIRONMENT**

The Board Charter should be read in conjunction with DIALOG's Policy Statement on Health, Safety & Environment and Policy Statement on Drug, Alcohol & Substance Abuse which provide each director and employee with a safe and healthy work environment and ensures that the Group:-

- (i) prevents all injurious, workplace accidents and occupational illnesses;
- (ii) work with zero damage to assets and the environment;
- (iii) creates a safe and healthy work place;
- (iv) creates a culture of safe, healthy and environmentally friendly work practices; and
- (v) subscribes to a working environment free of drug and substance abuse, alcohol and smoke.

## **11.0 CODE OF ETHICS**

The Code of Ethics sets out the broad standards of conduct and basic principles to guide the Board in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity.

DIALOG has in place a Code of Ethics for its employees which encompass all aspects of its day-to-day business operations.

Directors and employees of the Group are expected to observe high standards of integrity and fair dealings in relation to customers, staff and regulators in the communities within which the Group operates and ensure compliance with all applicable laws, rules and regulations to which the Group is bound to observe in the performance of its duties.

**a) Duty of Care and Diligence**

All Directors shall at all times exercise their power for proper purpose and in good faith in the best interest of the Company. He shall exercise reasonable care, skill and diligence with the knowledge, skill and experience which may reasonably be expected of a Director having the same responsibilities; and any additional knowledge, skill and experience which he in fact has.

Directors ought to discharge their duty of care, skill and diligence in a conscientious manner and may be guided as follows:

- (i) ensure that the Company has established an effective governance system and process;
- (ii) refrain from rushing into decision-making. Provide adequate time for deliberations and evaluations of transactional and financial matters;
- (iii) require sufficient notice and distribution of board papers and explanatory appendices in advance of meetings;
- (iv) convene supplemental meetings in response to requests for further information before the final decision;
- (v) make informed decisions based on the information provided and analysis and recommendations of the Company's independent advisers.
- (vi) ensure that there is no undue pressure from dominant personalities or nominees of significant shareholders;
- (vii) ensure proper record of key decision-making deliberations;
- (viii) base reliance on others where there is a sound basis for doing so; and
- (ix) periodically test internal control and risk assessment systems set up for integrity and soundness.

**b) Business Judgement**

A Director who makes a business judgement is deemed to meet the requirements of the duty as aforesaid and the equivalent duties under the law if he:-

- (i) makes the business judgement in good faith for a proper purpose;
- (ii) does not have a material personal interest in the subject matter of the business judgement;
- (iii) is informed about the subject matter of the business judgment to the extent the Director reasonably believes to be appropriate under the circumstances; and
- (iv) reasonably believes that the business judgment is in the best interests of the Company.

**c) Insider Trading**

Directors who have access to confidential information are not permitted to use or share that information for stock trading purposes or for any other purpose. All non-public information about the Group and/or its business should be treated as confidential information. To use non-public information for personal financial benefit or to “tip” others who might make an investment decision based on such information is not only unethical but is also illegal. In order to comply with laws against insider trading, the Group has adopted a Policy on Insider Trading.

**d) Conflict of Interest**

Each Director shall comply with the Companies Act, 1965 in connection with disclosure of shareholdings and interest in the Company and interest in any contract or proposed contract with the Company, which include the nature, character and extent of any office or possession of any property, whether directly or indirectly, duties or interests that might be created in conflict with his duty or interest as a Director of the Company. General notice given by a Director shall be tabled at Board meetings and the declarations made shall be recorded in the minutes of the Board meeting, in line with the Companies Act, 1965. A director who is directly or indirectly interested in a contract or proposed contract shall not participate in any discussion of consideration of the contract, or vote at the meeting on the contract or proposed contract.

**e) Bribes and Corruption**

No director shall offer, give, solicit or accept, directly or indirectly (within or outside the country) bribes, whether in cash or in kind in order to achieve business or personal advantages for themselves or others. Directors shall not engage in any transaction that can be construed as having contravened the anti-corruption laws of Malaysia or the respective country of operations and applicable laws.

**f) Protection of Assets and Funds**

Directors must protect the assets and funds of the Group to ensure its availability for legitimate business purposes and that no property, information or position belonging to the Group or opportunity arising from these assets and funds be used for personal gain.

**g) Business Records and Control**

Accurate, timely and reliable records are necessary to meet the Group’s legal and financial obligations and to manage the affairs of the Group. All books, records and accounts should conform to generally accepted and applicable accounting principles and to all applicable laws and regulations.

**h) Compliance with the Law**

The Group will comply with all applicable laws, rules and regulations of governmental agencies and authorities in jurisdictions within which the Group operates.

**i) Waivers of the Code of Ethics**

Any waiver of the Code may be made only by the Executive Chairman or the Audit Committee and will be granted only in extraordinary circumstances.

**j) Contact Person for Concerns**

The Senior Independent Non-Executive Director shall be the main contact person should there be any concerns pertaining to the Group. Any concerns or queries may be sent to DIALOG's registered address or through e-mail.

**REVIEW OF THE BOARD CHARTER**

The Board Charter has been adopted by the Board on 20 August 2013 with latest revision on 18 May 2016. Any subsequent amendment to the Board Charter can only be approved by the Board.

The Board Charter will be periodically reviewed and updated as and when deemed necessary and upon any new regulations 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.dialogasia.com](http://www.dialogasia.com)