



JAYCORP BERHAD
(Company No. 459789-X)

BOARD CHARTER

1. Preamble

The enhancement of corporate governance standards is vital towards achieving the objectives of transparency, accountability and effective performance for Jaycorp Berhad (“Jaycorp” or “the Company”) and its subsidiaries (“the Group”). It is with the aim of enshrining concepts of good governance as promulgated in the Malaysian Code on Corporate Governance 2012 (“the Code”) that this Board Charter (“Charter”) is established.

The Charter serves as a reference point for board activities and should not be construed as a blueprint for board operations. Just as each organisation has its own corporate culture, the dynamics of each board is unique. The dynamics shift as the composition of the board changes, and the directors of the Company should always be open to new opportunities and ready to confront new challenges brought about by change.

This Charter is to promote high standard of corporate governance and is designed to provide guidance and clarity for directors and Management with regard to the role of the board and its committees, the requirements of directors in carrying out their stewardship role and in discharging their duties towards the Company as well as the board’s operating practices. This Charter does not overrule or pre-empt the statutory requirements of directors enshrined in the Companies Act, 1965, the Income Tax Act 1967 and other relevant statutes, including the conduct of the board as stipulated in the Articles of Association and the Constitution of the Company. If there is any conflict between the terms of this Charter and a Constitution, that Constitution prevails.

2. Interpretation

2.1. In this chapter

Unless the contrary intention is expressed in this Charter, the following words (when used in this Charter) have the meaning set out below:-

“Board” means the board of directors of the Company;

“Bursa Securities” means Bursa Malaysia Securities Berhad;

“Business” means the business of the Group;

“Chairman” means the chairman of the Board and is used in a gender neutral sense;



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“Company Secretary” means the Board secretary(ies) or the person(s) normally exercising the functions of a Board secretary;

“Independent Director” is defined in accordance to Paragraph 1.01 of the Main Market Listing Requirements of Bursa Securities.

“Listing Requirements” means the Main Market Listing Requirements of Bursa Securities.

“Management” means the management personnel of the Company;

“Senior Management” means the Chief Financial Officer of the Company, the Head of Divisions and the Chief Operating Officer of the subsidiary companies of the Group;

“Managing Director” means the Managing Director of the Company; and

“Shareholders” means the Shareholders of the Company.

3. Objective of the Board

The Board is accountable to Shareholders and is responsible for the stewardship of the Group’s Business and affairs on behalf of the Shareholders with a view to enhancing long term Shareholders’ value whilst taking account the interests of other stakeholders and maintaining high standards of transparency and accountability.

Additionally, often, the Board has to warrant that the operations of the Group are being effectively managed in a manner that is properly focussed on those Business objectives, conforming to regulatory and ethical requirements as well as maintaining high standards of transparency, accountability and governance.

4. Role of the Board

- 4.1. The Board’s role is to provide leadership of the Group within a framework of prudent and effective controls which enables risk to be assessed and managed.
- 4.2. The Board has delegated certain responsibilities to committees which operate in accordance with the terms of reference approved by the Board and delegated the day-to-day Management of the Business of the Group to Management, Senior Management and Managing Director subject to an agreed authority limit.



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- 4.3. The Board reserves a formal schedule of matters for its decision to ensure that the direction and control of the Group is firmly in its hands. This includes strategic issues and planning, performance reviews, material acquisition and disposal of assets, capital expenditure, authority levels, treasury policies, risk Management policies, appointment of auditors and review of the financial statements, financing and borrowing activities, ensuring regulatory compliance and reviewing the adequacy and integrity of internal controls.
- 4.4. The principal responsibilities of the Board as adopted from the Code are:
 - 4.4.1. reviewing and adopting a strategic plan for the Group;
 - 4.4.2. overseeing the conduct of the Group's Business to evaluate whether the Business is being properly managed;
 - 4.4.3. identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
 - 4.4.4. succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing executive directors and Senior Management;
 - 4.4.5. developing and implementing an investor relations programme or Shareholder communications policy for the Group;
 - 4.4.6. reviewing the adequacy and the integrity of the Group's internal control systems and Management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
 - 4.4.7. determining the remuneration of non-executive directors, with the individuals concerned abstaining from discussions of their own remuneration;
 - 4.4.8. ensuring that the Group adheres to high standards of ethics and corporate behavior;
 - 4.4.9. monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting; and
 - 4.4.10. ensuring that the Company's financial statements are true and fair and conform with the accounting standards
- 4.5. In overseeing the conduct of the Group's Business, the Board shall ensure that an appropriate financial planning, operating and reporting framework as well as an embedded risk Management framework is established. Elements under this combined framework include the Business plan, operating plan and budget, monthly Management report, financial



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statements, divisional strategic/performance reviews reports and risk Management reports.

5. Board Structure

5.1. Board Balance and Mix

5.1.1. The Board should be of a size and composition with the benefit of variety of perspective and range of 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.

The Articles of Association of the Company provides a minimum of two (2) and a maximum of twelve (12) directors. Board size that is too small or too large may significantly limit the level of individual participation, involvement and effectiveness. The Board shall from time to time examine its size with a view to determine the impact of its number upon its effectiveness.

At least one third (1/3) or two (2) directors of the Board whichever is higher shall be independent non-executive directors.

5.1.2. The appointment of a new member to the Board is only made after consultation with the nomination committee and it is of an essence of the Board that to ensure high levels of professional skills and appropriate personal qualities are pre-requisite for such nominee.

Without limiting the generality of the foregoing, the qualifications for Board membership are the ability to make informed Business decisions and recommendations, an entrepreneurial talent for contributing to the creation of Shareholders value, relevant experience, the ability to appreciate the wider picture, ability to ask probing operational related questions, high ethical standards, sound practical sense, and total commitment to furthering the interests of Shareholders and the achievement of the goals of the Group.

5.1.3. A Director shall inform the Board's Chairman before he/she accepts any new directorships in other Public Listed Companies.

5.1.4. The Board shall obtain time commitment from newly appointed Directors at the time of appointment.

5.1.5. The Board shall appoint a Senior Independent Director who serves as the point of contact between the Independent Directors and the Chairman on sensitive issues, ensure all Independent Directors have an opportunity to provide input on the agenda and ensure the



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Independent Directors can perform their duties responsibly and with sufficient time for discussion of all agenda items.

- 5.1.6. The Board recognizes the significant representation by directors who are capable and willing to make Business decisions and judgement in the best interest of the Group and free from influences which would give rise to conflict of interest with that duty and are also independent of Management. The Board decision making process should be of independence and objectivity.
- 5.1.7. The Board recognises the need for an appropriate balance between executive directors who possess extensive direct experience and expertise in the core Business activities of the Group, and non-executive directors who have outstanding track records and reputation attained at the highest levels of Business and commerce generally, and who are able to bring to the Board a broad range of general commercial expertise and experience.
- 5.1.8. The Board also recognizes the importance of having a clearly accepted division of power and responsibilities at the head of the Company to ensure a balance of power and authority. It is the policy of the Board to keep the roles of the Chairman and the Managing Director separate.

5.2. Role of the Chairman

- 5.2.1. Every Board should be headed by a Chairman who is able to discharge his duties effectively. The Chairman carries out a leadership role in the conduct of the Board and its relationship with Shareholders and other stakeholders.

A Chairman who is an independent non-executive director would provide a balance to the influence of the Managing Director. The Chairman is primarily responsible for:

- representing the Board to Shareholders and chairing general meeting of Shareholders;
- leading the Board in the oversight of management;
- ensuring the integrity of the governance process and issues;
- maintaining regular dialogue with the Managing Director over all operational matters and consulting with the Board members promptly over any matters that gives him/her cause for major concern;



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- chairing and functioning as a facilitator at meetings of the Board to ensure that no member, whether executive or non-executive, dominates discussion, that appropriate discussions takes place and that relevant opinions among members is forthcoming. The Chairman will ensure that discussions result in logical and understandable outcomes;
- ensuring that all directors are enabled and encouraged to participate in its activities. 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;
- ensuring that executive directors look beyond their executive function and accept their full share of responsibilities of governance;
- guiding and mediating Board actions with respect to organisational priorities and governance concerns;
- undertaking the primary responsibility for organising quality information necessary for the Board to deal with items on the agenda and for providing this information to directors on a timely basis;
- promoting amicable relationship between Board members and Management; and
- performing other responsibilities assigned by the Board from time to time.

5.3. Role of the Deputy Chairman

5.3.1. The Executive Deputy Chairman shall play a de facto Managing Director's position and also assist the Chairman in undertaking his responsibilities. The Deputy Chairman is primarily responsible for:

- assisting with the managing the Group's Business covering, inter alia, the development of a strategic plan, an annual operating plan and budget; performance benchmarks to gauge Management's performance against and the analysis of Management's reports;
- assisting the Chairman with ensuring the integrity of the governance process;



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- assisting the Chairman with organising information necessary for the Board to deal with items on the agenda and for providing this information to directors on a timely basis; and
- performing other responsibilities assigned by the Board from time to time.

5.4. Role of the Managing Director

- 5.4.1. The position of the Managing Director in essence is to ensure the effective implementation of the Group's strategic plan and policies established by the Board as well as to manage the daily conduct of the Business to ensure its smooth operation.
- 5.4.2. The Managing Director, in association with the Chairman, is accountable to the Board for the achievement of the Group's mission, goals and objectives and is accountable to the Board for the observance of Management limitations.
- 5.4.3. At each of its scheduled meetings, the Board should expect to receive from or through the Managing Director;
- summary reports on the performance and the activities from the Group and specific proposals for capital expenditure and acquisitions; and
 - such assurance as the Board considers necessary to confirm that the Management's limitations are being observed.
- 5.4.4. The Managing Director is expected to act within all specific authorities delegated to him or her by the Board. The delegation is subject to and limited by, the terms of this charter including matters reserved for decision by the Board in accordance with Section 6.9 and any specific limitations on authority imposed by the Board from time to time.
- 5.4.5. The responsibility of the Managing Director should be stated in an agreed job description and generally, is responsible to the Board for the following:
- Management of the Group's Business covering, inter alia, the development of a strategic plan; an annual operating plan and budget; performance benchmarks to gauge Managements' performance against and the analysis of Management's reports;
 - effectively oversees the human resources of the Group with respect to key positions in the Group's hierarchy, determination of remuneration as well as terms and conditions of employment



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for Senior Management and issues pertaining to discipline of all employees;

- ensures that the Group's Financial Reports present a true and fair view of the Group's financial condition and operational results and are in accordance with the relevant accounting standards;

In discharging the above responsibilities, the Managing Director can delegate appropriate functions to the senior management, who shall report to the Managing Director.

5.5. Role of Senior Independent Director

- 5.5.1. Ensures all Independent Directors have an opportunity to provide input on the agenda, and advise the Chairman on the quality, quantity and timeliness of the information submitted by Management;
- 5.5.2. Consuls the Chairman regarding Board meeting schedules to ensure the Independent Directors can perform their duties responsibly and with sufficient time for discussion of all agenda items;
- 5.5.3. Serve as the principal conduit between the Independent Directors and the Chairman on sensitive issues, for example issues that arise from 'whistle blowing';
- 5.5.4. Act as a point of contact for Shareholders and other stakeholders with concern which have failed to be resolved or would not be appropriate through the normal channels of the Chairman, Chief Executive and/or Chief Financial Officer;
- 5.5.5. Act as an alternative point of contact for Executive Directors, if required, in addition to the normal channels of the Chairman and/or the Chief Executive; and
- 5.5.6. Meet with the other members of the Board as and when deemed appropriate.

5.6. Tenure of Directors

- 5.6.1. Pursuant to the Articles of Association of the Company, all directors shall retire once at least in every three (3) years but shall be eligible for re-election.
- 5.6.2. There is a maximum age of 70 for directors. However, a director who has attained the age of 70 may be reappointed as a director until



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the next annual general meeting provided that the resolution must be passed by a majority of not less than three fourths (3/4) of such Shareholders present and voting who, being entitled to do so, vote in person or by the proxy at the annual general meeting of the Company.

- 5.6.3. The tenure of the executive director is tied to their executive office.
- 5.6.4. The tenure of an Independent Director shall not exceed a cumulative term of nine years. The Board may, in exceptional cases and subject to the assessment of the NC on an annual basis, recommend for an independent Director who has served a consecutive or cumulative term of nine years to remain as an independent Director subject to Shareholders' approval.

5.7. Company Secretary

- 5.7.1. The key role of the Company Secretary is to provide unhindered advice and services for the directors as and when the need arises, to enhance the effective functioning of the Board and to ensure regulatory compliance.
- 5.7.2. The appointment and removal of the Company Secretary is a matter for the Board as a whole. The Board recognizes the fact that the Company Secretary should be suitably qualified and capable of carrying out the duties required for the post.
- 5.7.3. Other primary responsibilities of the Company Secretary shall include:
- provide updates on compliances issues in particular to the Listing Requirements and Companies Act, 1965;
 - preparing agendas and coordinating the preparation of the Board papers;
 - ensure that Board procedures and applicable rules are observed;
 - maintaining records of the Board and ensure effective upkeep of the Company's situation's records;
 - preparing comprehensive minutes to document Board's proceedings and ensure conclusions are accurately recorded;
 - assisting communications between the Board and Management;
- and



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- providing full access and services to the Board and carrying out other functions deemed appropriate by the Board from time to time.

5.8. Board Committees

5.8.1. The Board reserves the right to establish committees from time to time in the discharge of its duties and responsibilities. The existence of the Board committees does not diminish the Board's responsibilities for the affairs of the Group where the delegation of power shall be subjected to the approved terms of references and are in accordance with this Charter.

5.8.2. Where a committee is formed, specific terms of reference of the committee would be established to serve as a guidance note which covers matters such as the purpose, composition and functions of the committee.

5.8.3. A number of standing committees with written terms of reference has been established namely the following:-

a) Audit Committee

The Audit Committee assists and supports the Board's responsibility to oversee the Group's operations by providing a means for review of the Group's processes for producing financial data, its internal controls and independence of the Group's external and internal auditors.

b) Nomination Committee

The Nomination Committee oversees matters related to the nomination of new directors, annually review the required mix of skills, experience and other requisite qualities of directors as well as the annual assessment and evaluation of the effectiveness of the Board as a whole, its committees and the contribution of each individual director.

c) Remuneration Committee

The Remuneration Committee is primarily responsible to recommend to the Board the remuneration of Managing Director in all its forms, drawing from outside advice, if necessary, and to recommend also the remuneration of other executive and non-executive directors, with the individuals concerned abstaining from discussion of their own remuneration.



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The components of remuneration should be structured so as to link rewards to corporate and individual performance in the case of executive director. In the case of non-executive director, the level of remuneration shall reflect the experience and level of responsibilities undertaken by the non-executive concerned.

5.9. The Board's Relationship with Shareholders and Stakeholders

5.9.1. The Board will maintain an effective communication policy that enables both the Board and Management to communicate effectively with its Shareholders, stakeholders and the public generally.

5.9.2. It is the role of the Board to ensure that the Annual General Meeting ("AGM") is conducted in an efficient manner and serve as a crucial mechanism in shareholder communications. Key ingredients behind this include the supply of comprehensive timely information to Shareholders and the encouragement of active participation in the AGM. The Board will focus its efforts on the following best practices to enhance the value of the general meeting:

- ensure that each item of special business included in the notice to be accompanied by a full explanation of the effects of the proposed resolution;
- for re-election of directors, ensure that the notice of meeting states which directors are standing for re-election with a brief description to include matters such as age, relevant experience, list of directorships, date of appointment to the Board, details of participation in Board Committees and the fact that a particular director is independent;
- ensure that the Chairman provides reasonable time for discussion at the meeting. Where appropriate, the Chairman will also undertake to provide the questioner with a written answer to any significant question which cannot be answered immediately;
- encourage poll voting on substantive resolution and make an announcement of the detailed results showing the number of votes cast for and against each resolution; and
- conduct a Business presentation with a question and answer session

5.9.3. The Managing Director shall take responsibility for addressing queries from Shareholders, stakeholders and analysts. In the performance of this responsibility, the Managing Director shall be



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mindful of the regulatory requirements pertaining to price sensitive information.

6. Board Processes

6.1. Board Meetings

- 6.1.1. Meetings will be conducted at least once every quarter. The Company Secretary shall prepare and distribute a timetable for all required to attend the meetings.
- 6.1.2. Board members are required to attend the Board meetings. However, other Senior Management may be invited to attend for particular items within their responsibility. The Board may also invite external parties such as the auditors, solicitors and consultants as and when the need arises.
- 6.1.3. Additional formal business is dealt with as required, whether by physical, video conferencing or telephonic meetings, as well as other electronic meetings defined in the Articles of Association. All resolutions, attendance, transactions, quorums and votes obtained through electronic means shall be deemed valid and effective unless it contravenes the requirements of relevant statutes and regulations.

6.2. Agenda

- 6.2.1. The notice of a directors' meeting should be given in writing at least seven (7) days prior to the meeting. The Chairman in conjunction with the Managing Director, the Senior Management of the Company and the Company Secretary shall undertake the primary responsibilities for preparing the Board's agenda. The agenda should include matters specifically reserved for the Board's decision.

6.3. Meeting Papers

- 6.3.1. As a matter of best practice and to allow ample time for the directors to consider the relevant information, Board papers and agenda items are to be circulated in advance of the meeting. It is recommended that when there is a need to table a report, a brief previous findings and/or recommendations is prepared.
- 6.3.2. Board papers and agenda items are to be circulated at least three (3) days prior to the meeting



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- 6.3.3. Minutes are prepared within fourteen (14) days following a Board meeting and are circulated in draft form. The draft minutes will be re-circulated with the Board papers in readiness for signing at the following meeting.
- 6.3.4. If one or more directors request their opinion to be noted, the Company Secretary shall comply with the request.
- 6.4. Access to Information
- 6.4.1. A record of submissions and papers and materials presented to the Board, is maintained and held by the Company Secretary together with minutes of meetings, and is accessible to the directors.
- 6.4.2. 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.
- 6.5. Independent Professional Advice
- 6.5.1. The Board as well as any director is entitled to obtain independent professional advice relating to the affairs of the Group or to his or her responsibilities as a director, subject to paragraph 6.5.2 below.
- 6.5.2. If a director considers such advice necessary for the discharge of his or her duties and responsibilities as director and for the benefit of the Company, such director shall obtain the Board's prior approval, and in seeking such advice, shall be required to comply with the following procedures:-
- The request shall be made in writing to the Board;
 - The director concerned shall prepare a detailed paper to be submitted to the Board. The paper shall highlight, inter alia, the purpose behind the request and the estimated costs of the advice; and
 - The Board shall deliberate on the said paper, and at its absolute discretion determine if the director concerned shall be permitted to seek independent professional advice. Should a request be denied, the director concerned is entitled to have his views duly recorded.
- 6.5.3. The cost of the advice will be reimbursed by the Company. The Board or the member, as the case may be, will however ensure that, so far as is practicable, the cost is reasonable.



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6.6. Induction Process

- 6.6.1. The objective of the induction process is to provide directors with a rapid and clear insight into the Company. This will enable the directors to discharge their duties and responsibilities effectively.
- 6.6.2. Induction of directors may include (but not limited to) the following:
- Time with other executive directors (in particular the Chairman, the Managing Director and, if the independent director is a functional specialist, his or her counterpart);
 - 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;
 - Visits to key sites (including overseas locations, if the Business is international); and
 - A formal 1-2 day induction programme, including many of the elements above, but also presentations from various divisions on their strengths, weaknesses and ambitions.

6.7. Director's External Commitments and Conflict of Interest

- 6.7.1. The Articles of Association of the Company stipulates that, every director who may have direct or indirect interest in any contracts or proposed contract or arrangement with the Company shall immediately declare his interest to the Board and shall not participate in deliberations and shall abstain himself from casting his votes in any matter arising there from.
- 6.7.2. Should there be an actual, potential or perceived conflict of interest between a Company and a director, or an associate of a director such as a spouse, other family member, or a related company, the director involved shall make full disclosure and act honestly in the best interest of the Company.
- 6.7.3. 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 due honesty.



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- 6.8. Representation of the Company
 - 6.8.1. The Board looks to the Chairman to speak on behalf of Jaycorp and to manage the communication of information to Investors, other stakeholders and the public in an orderly and effective manner while adhering, at all times, to relevant laws and regulatory requirements.
 - 6.8.2. Non-Executive Directors with the possible exception of the Chairman, should avoid commenting on the Company to external audiences. This is to avoid confusion and to ensure that the Board speaks in one voice.

- 6.9. The Company's Constitution and Management Limits
 - 6.9.1. The Board operates pursuant to the powers and subject to rules in Jaycorp's Memorandum and Articles of Association as adopted by the Shareholders in general meeting.
 - 6.9.2. The Management is expected to act within all specific authorities delegated to it by the Board.
 - 6.9.3. The Management is expected not to cause or permit any practice, activity or decision that is contrary to commonly accepted good Business practice or professional ethics.

7. Periodic Review

This Charter and all Terms of Reference for Board Committees shall be reviewed annually by the Board.

This Charter is dated 13 November 2013.