



# **JCY INTERNATIONAL BERHAD**

(713422 X)

(Incorporated in Malaysia)

## **BOARD CHARTER**

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## **PART A – INTRODUCTION**

### **1. Objectives**

This Charter aims to formalise the fiduciary duties, responsibilities and authority, of the Board of Directors (“Board”), as well as Board Committees and individual members of the Board. It serves to provide guidance to the directors in carrying out their stewardship role and discharging their duties towards the Company and its shareholders.

This Charter does not overrule or pre-empt the statutory requirements of Directors enshrined in the Companies Act 1965, the Income Tax Act 1967 or other relevant statutes, including the conduct of the Board as stipulated in the Articles of Association of the Company.

## **PART B – RESPONSIBILITIES, COMPOSITION AND MEETINGS OF THE BOARD**

### **2. Responsibilities of the Board**

In discharging their duties, the Board must exercise due care and diligence, act in good faith in the best interests of the Company, not to misuse the authority assigned to him/her and information possessed from the Company . The Board must also observe the requirements by the relevant authorities and this Charter and the Code of Conduct as embedded under this Charter.

The responsibilities of the Board are:-

- 2.1 Reviewing and adopting a strategic plan for the Company on an annual basis before the commencement of a new financial year;
- 2.2 Overseeing the conduct of the Company’s business to evaluate whether the business is being properly managed through reports and presentations by the Management to the Board every quarter;
- 2.3 Identifying principal risks of the business and ensuring the implementation of appropriate systems to manage these risks;
- 2.4 Reviewing the adequacy and integrity of the Company’s internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- 2.5 Succession planning, including appointing, training, compensating and, where appropriate, replacing key management and updating the succession plan as and when necessary; and
- 2.6 Developing and implementing an investor relations programme or shareholder communications policy for the Company.

In overseeing the conduct of the Group’s businesses, the Board shall ensure that an appropriate financial planning, operating and reporting framework, as well as an embedded risk management framework, are established. Elements of this combined

framework include the operating plan and budget, financial statements, performance review reports, and risk management reports.

### **3. Board Balance and Mix**

The Board recognises the need for its composition to reflect a range of skills and expertise. High levels of professional competence and exemplary personal qualities are pre-requisites for directorship. The Board acknowledges the nomination of its members shall be free of discrimination on the nominees' race, gender and religion. Without limiting the foregoing, the qualifications for Board membership are:

- i) the ability to make informed business decisions and recommendations;
- ii) an entrepreneurial talent for contributing to the creation of shareholder value;
- iii) relevant experience;
- iv) the ability to appreciate the bigger picture;
- v) 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 Group's goals.

In addressing this, the Board shall consider the recommendations by the Nomination Committee pertaining to nominees for directorship in the Group.

For the assessment and selection of potential Directors, the Nomination Committee shall consider the following factors:-

- i) skills, knowledge, expertise and experience;
- ii) professionalism;
- iii) diversity;
- iv) commitment;
- v) contribution and performance;
- vi) integrity and character; and
- vii) in the case of candidates for the position of Independent Non-Executive Directors, the Board shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Non-Executive Directors.

The Board identifies and appoints from amongst its members a Senior Independent Non-Executive Director (SINED), to whom the concerns of Directors and shareholders of the Company may be conveyed. The name of the SINED shall be disclosed in the Annual Report of the Company.

#### **4. Board Committees and Board of Directors Meeting**

##### **4.1 Audit Committee**

There shall be an Audit Committee established to assist the Board in evaluating the system of financial compliance, internal control, risk management and independence of the Group's external and Internal Auditors.

All of the members of the Audit Committee must consist of non-executive directors with majority of which must be independent directors. The Chairman of the Audit Committee must possess the required pre-requisite accounting qualification as prescribed under the Main Market Listing Requirements in order to lead the Committee to discharge the Audit Committee's duties.

##### **4.2 Remuneration Committee**

There shall be a Remuneration Committee established to assist the Board in recommending the policy and framework for directors' remuneration and for reviewing and assessing the remuneration packages of the executive directors.

The members of the Remuneration Committee must be majority non-executive directors while the Chairman of the Remuneration Committee must be an independent non-executive director.

##### **4.3 Nomination Committee**

There should be a Nomination Committee established to assist the Board in the appointment and removal of directors of the Group.

All of the members of the Nomination Committee must be non-executive directors, and majority of them must be independent directors while the Chairman of the Nomination Committee must be an independent non-executive director.

#### 4.4 Enterprise Risk Management Committee

There shall be an Enterprise Risk Management Committee established to assist the Board in managing risks of the Group.

The Chairman of the Enterprise Risk Management Committee must possess such necessary skills and knowledge in order to lead the committee to discharge its duties.

#### 4.5 Board of Directors Meeting

4.5.1 Meetings will be conducted at least on a quarterly basis. The Company Secretary shall prepare and distribute to all Directors a timetable for the meetings for the year. The Company Secretary shall work together with the Chairman to develop an annual workplan to be disseminated to all Directors at the beginning of the year.

4.5.2 If additional meetings are to be convened, any one Director may request for such a meeting to table matters of urgency, and the Company Secretary shall upon the request of the Chairman of the Board or any one (1) Director, convene a meeting.

4.5.3 Except in the case of emergencies, seven (7) days notice of every Director's meeting will be provided in writing. In addition to notices sent through the post, notices may also be sent via facsimile, electronic mail or by any means of telecommunication in permanent written form.

4.5.4 In events of the Chairman's absence, or if he is not present within thirty (30) minutes after the time set for the holding of the meeting, the Directors shall elect one (1) of their number to be Chairman of the meeting.

4.5.5 Board members are required to attend the Board meetings. However, other senior officers may be invited to attend meetings 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. Decisions arising at any meeting of the Directors shall be decided by a majority of votes.

- 4.5.6 The Directors may participate in a meeting of the Directors by means of telephone and video conference or by other means of communication. The physical presence of Director(s) is not compulsory and participation in the meeting in the aforesaid 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 upon by the Directors in such a 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 information and documents must be made equally available to all participants prior to, at, or during the meeting.

## **PART C – REQUISITES, RESPONSIBILITIES, PRIVILEGES AND SUCCESSIONS OF DIRECTORS**

### **5. Chairman**

- 5.1 The Chairman undertakes a leadership role in the conduct of the Board and its relations to shareholders and other stakeholders. The Chairman is primarily responsible for:-
- 5.1.1 leading the Board to effectively discharge its fiduciary duties and responsibilities;
  - 5.1.2 ensuring the adequacy and integrity of the governance process
  - 5.1.3 facilitating the proceedings of Board meetings and general meetings of the Company to ensure appropriate discussions are taken place and that relevant opinions amongst members are forthcoming;
  - 5.1.4 facilitating the effective contributions of non-executive directors;
  - 5.1.5 encouraging effective communication and active participation at Board meetings by all Board members;
  - 5.1.6 serving as the principal conduit on conflict or sensitive issues; and
  - 5.1.7 performing other responsibilities as assigned by the Board from time to time.

### **6. Senior Independent Non-Executive Director**

- 6.1 There shall be an independent non-executive director of the Board be designated as Senior Independent Non-Executive Director to whom concerns may be conveyed
- 6.2 A designated email [sined@jcyinternational.com](mailto:sined@jcyinternational.com) shall be made available in the Company's website for all shareholders to access/contact the Senior Independent Non-Executive Director.

- 6.3 The responsibilities of the Senior Independent Non-Executive Director would include:-
- 6.3.1 serving as a designated contact person for consultation and direct communication with shareholders on areas that cannot be resolved through the normal channels of contact with the Company; and
  - 6.3.2 ensuring 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 that is necessary or appropriate for the independent directors to perform their duties effectively.

## **7. Executive Committee, Chief Executive Officer and Executive Directors**

- 7.1 Executive Committee (“EXCO”) is a management committee whose members shall consist of all the Executive Directors (“ED”) of the Board.
- 7.2 Chief Executive Officer (“CEO”) shall be the highest rank executive of the Company and shall be a member of the Board.
- 7.3 Where there is no person designated as CEO, all the members of the EXCO shall singly and collectively assume the role of the CEO.
- 7.4 The CEO is, in essence, the conduit between the Management and the Board in ensuring the success of the company’s management and governance function. The CEO is responsible for 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 and efficient operations.
- 7.5 The CEO is accountable to the Board for the achievement of Group’s goals and objectives and is accountable to the Board for the observance of Management’s limits of authority.
- 7.6 At each of its scheduled meetings, the Board should expect to receive from or through the CEO or the EDs:
  - 7.6.1 summary reports on the performance and activities of the Group and specific proposals for capital expenditure acquisitions and disposals; and
  - 7.6.2 such assurances as the Board considers necessary to confirm that the Management’s limits are being observed.



- 7.7 Generally, the CEO is responsible to the Board for the following:
- 7.7.1 executive management of the Group's business, covering, inter-alia, the development of a sustainable strategic plan, an annual operating plan and budget, performance benchmarks to gauge Management's performance, and an analysis of Management reports;
  - 7.7.2 developing long-term strategic and short-term profit plans, designed to ensure that the Group's requirements for growth, profitability and return on capital are achieved;
  - 7.7.3 directing and controlling all aspects of the business operations in a cost effective manner;
  - 7.7.4 effectively overseeing the human resource of the organisation with respect to key positions in the Group hierarchy and ensuring the general well-being of employees, including the determination of remuneration as well as terms and conditions of employment for Senior Management personnel and issues pertaining to discipline of all employees;
  - 7.7.5 effectively representing the interest of the Group with major customers, governments and their agencies, and industries at large, to ensure general goodwill towards the Group and cooperation in planned development;
  - 7.7.6 assuring that the Group, corporate identity, products and services are of high standards and are reflective of the market environment;
  - 7.7.7 providing assistance to members of the Board Committees, as required, in discharging their duties; and
  - 7.7.8 Assisting the Chairman in organising information necessary for the Board to deal with the agenda and for providing such information to Directors on a timely basis.
- 7.8 In discharging the above responsibilities, the CEO can delegate appropriate functions to other EDs or any member of senior management, who shall report to the CEO.
- 7.9 The EDs are responsible to assist the CEO in carrying out and discharging the CEO's duties and responsibilities assigned herein and, from time to time, by the Board.
- 7.10 The CEO and EDs are expected to act within all specific authorities delegated to them by the Board.

## **8. Independent Non-Executive Director**

- 8.1 Independent Directors are essential for safe-guarding 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 duties, he ought to approach any approval for a transaction or other matter that is being sought at the Board level with a watchful eye and with an inquiring mind.
- 8.2 An Independent Director is especially important in areas where the interests of Management, the Company and/ or the shareholders/ unit-holders diverge, such as executive performance and remuneration, related party transactions and audit.
- 8.3 The Listing Requirements emphasise that even if a person does not fall within any of the disqualifying indicators enumerated out in Paragraph 1.01 of the Listing Requirements, both the Director and the Board must give effect to the spirit, intention and purpose of the definition of an Independent Director. There must be a conscious application of the test of whether the said Director is able to exercise independent judgment and act in the best interests of the Company.
- 8.4 The attributes of collegial yet independent decision-making that must be vested in the Independent Director will be determined in part by the character of the individual and that of the whole ethos of the Board.

## **9. Access to Information**

- 9.1 A record of submissions, papers and materials presented to the Board is maintained and held by the Company Secretary, together with minutes of meetings, and is accessible to all Directors.
- 9.2 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.

## **10. Third Party Professional Advice**

- 10.1 Any director may seek advice from external professionals on a specific subject matter at the expense of the Company in furtherance of their duties.
- 10.2 The CEO shall facilitate the request made on the paragraph above.

## **11. Continuing Development and Training**

- 11.1 The Board shall proactively provide training programme to directors to keep them abreast with developments in the market place pertaining to the oversight function of the Board in order to enable them to discharge their duties and responsibilities effectively.
- 11.2 All costs incurred ancillary or incidental to the training shall be borne by the Company.

## **12. Appointment & Removal of Directors, Time Commitment**

- 12.1 The duties and responsibilities of recommending new appointment and removal of directors have been delegated to the Nomination Committee. Nonetheless, the Board has the ultimate authority to make the final decision in this regard.
- 12.2 All directors shall commit sufficient time in discharging their duties as directors of the Company.
- 12.3 Nomination Committee shall specify its expectation of time commitment for each and every existing director and new director to be appointed.

## **13. Directors' Protection Deeds**

- 13.1 The Company shall, so long as it is permitted by law, indemnify all costs in relation to any action taken by the directors if such actions are taken in good faith and in the best interest of the Company at the time of the act.
- 13.2 The Company shall provide appropriate Directors and Officers ("D&O") liability insurance to safeguard the interests of directors.

## **14. Directors' Remuneration**

- 14.1 The Remuneration Committee is empowered to make recommendations on Executive Directors' remuneration.
- 14.2 The Remuneration Committee is guided by the principle to "attract and retain" and at the same time, link rewards to corporate and individual Executive Directors' performance when determining the Executive Directors' remuneration.
- 14.3 The remuneration of the Non-Executive Directors, including the Non-Executive Chairman, should be a matter for the Board as a whole.
- 14.4 Directors' fees payable to Directors are subject to shareholders' approval at the annual general meeting.

14.5 Though the duties and responsibilities of recommending remuneration of directors rest with the Remuneration Committee. Nonetheless, the Board has the ultimate authority to make the final decision in this regard.

## **15. Succession Plan**

The CEO shall formulate an appropriate succession plan for each and every critical position of the Company for the Board's review and approval. At least once a year, the CEO should put forward this agenda item for discussion at the Board meeting.

## **PART D – DIVISION OF AUTHORITIES AND MANAGEMENT REPORTS**

### **16. Division of Authority between the Board and the Management**

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:-

- 16.1 any subject matter, outside the ordinary course of business of the Group, which involves a consideration of exceeding 5% of the latest audited consolidated shareholders' equity of the Group;
- 16.2 any subject matter, outside the ordinary course of business of the Group, which would bring an annual profit and loss impact greater than RM10,000,000/- or 10% of the projected consolidated annual net result of the Group, whichever is higher, in the financial year concerned;
- 16.3 any subject matter with a related party which involves a consideration of exceeding 1% of latest audited consolidated shareholders' equity of the Group;
- 16.4 any subject matter with a related party which would bring an annual profit and loss impact greater than RM500,000 or greater than 0.5% of projected consolidated net result of the Group, whichever is higher, in the financial year concerned;
- 16.5 any subject matter related to bank or capital market borrowings or providing securities or corporate guarantees;
- 16.6 any subject matter which will change or potentially affect the direction, strategy, value, goal or listing status of the Company and/or its major subsidiaries;
- 16.7 any subject matter which will substantially affect the reputation, image, profitability and sustainability of the Company and/or its major subsidiaries;

- 16.8 any subject matter which relates to conflict of interests of directors and/or major shareholders;
- 16.9 any subject matter which had been delegated to any sub-committee of the Board;
- 16.10 any subject matter which are required by the Memorandum & Articles of Association, law or any other statutory requirements to be decided by the Board or shareholders in a general meeting;
- 16.11 any subject matter which the Board may decide requires its approval;
- 16.12 appointment of external auditors; and
- 16.13 announcements to Bursa Malaysia Securities Berhad.

## **PART E – CORPORATE GOVERNANCE**

### **17. Commitment on Corporate Governance**

The Board is committed to uphold and implement the highest standards of corporate governance and best practices throughout its businesses.

### **18. Internal Control and Risk Management**

#### 18.1 Internal Audit

- 18.1.1 An Internal Audit Department shall be established to assist the Audit Committee to discharge its duties to review and oversee the systems of internal control.
- 18.1.2 The Internal Audit Department shall report directly to the Audit Committee.
- 18.1.3 The Head of the Internal Audit Department shall possess such necessary qualifications and experience to carry out his/her duties and to ensure internal audit works are performed in accordance to professional standards and guidelines.

#### 18.2 Risk Management

- 18.2.1 A Risk Management Function shall be established to assist the Enterprise Risk Management Committee and the Board to assess and manage risks that are faced by the Group.
- 18.2.2 A sound risk management framework shall be established to govern the Risk management system of the Group.

## **19. Appointment, Assessment and Removal of External Auditor**

- 19.1 Duties and responsibilities of assessing, recommending appointing/removing and fixing remuneration for external auditor have been delegated to the Audit Committee. Nonetheless, the appointment of external auditor is to be approved by shareholders.
- 19.2 Appointment, assessment and removal of external auditor shall be conducted in accordance to laws and listing requirements.
- 19.3 External auditor, if dismissed by the Board, shall be provided with an opportunity to address to shareholders in the next immediate general meeting after the dismissal.

## **20. Company Secretary**

- 20.1 The appointment and removal of the Company Secretary is a matter for the Board as a whole. The Board recognises the fact that the Company Secretary should be suitably qualified and capable of carrying out the duties required of the post.
- 20.2 The key role of the Company Secretary is to provide unimpeded 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.
- 20.3 Primary responsibilities of the Company Secretary shall include:
  - 20.3.1 ensuring that Board procedures and applicable rules are observed;
  - 20.3.2 maintaining records of the Board and ensuring effective management of the organisation's records;
  - 20.3.3 preparing comprehensive minutes to document Board proceedings and ensure conclusions are accurately recorded;
  - 20.3.4 timely dissemination of information relevant to Directors' roles and functions and keeping them updated on new or evolving regulatory requirements; and
  - 20.3.5 carrying out other functions as deemed appropriate by the Board from time to time.

## **21. Policies and Guidance**

The Board may establish policies or guidance to expressively record its stance on targeted subject matters and attach the policies or guidance to this Charter as appendices. The policies or guidance so attached shall form part of this Charter.