



AYS VENTURES BERHAD

Company No. 925171-T
(Incorporated in Malaysia)

BOARD CHARTER

BOARD OF DIRECTORS

CHARTER

Part 1 Definition

1.1 In this Charter:

“Act” means the Companies Act 2016;

“Board” means the Board of Directors of the Company;

“Business” means the business of the Company;

“GMD” means the Group Managing Director of the Company;

“Chairman” means the Chairman of the Board;

“Company” means AYS Ventures Berhad;

“Company Goals” means the goals of the Company as set out in Part 2;

“Group” means the companies within AYS Ventures Berhad;

“Management” means the management personnel of the Company;

“Management Limitations” means the limitations on the actions of Management as set out in paragraph 4.3;

“MMLR” means the Main Market Listing Requirement of Bursa Securities Malaysia Berhad;

“Directors” means Directors of the Company;

“Secretary” means the Board Secretary or the person normally exercising the functions of a Board Secretary;

“Shareholders” means the Shareholders of the Company.

Part 2 Company Goals, objective and strategies

2.1 General

2.1.1 The Company is to excel as a regional strategic steel distribution hub catering to the needs of the engineering, fabrication and construction industry.

Part 3 Board Governance Process

3.1 Role of the Board

3.1.1 The role of the Board is to ensure that the necessary resources are in place for the Company to meet its objectives and review management performance.

3.1.2 Having regard to its role, the Board will direct, and supervise the management of, the Business and affairs of the Company including, in particular:

- Promoting together with Senior Management, good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour;
- Review, challenge and approve Management's proposal on a strategic plan for the Group by bringing objectivity and breadth of judgment to the strategic planning process;
- Ensure that the strategic plan for the Group supports long-term value creation and includes strategies on economic, environmental, safety & health, social and governance considerations underpinning sustainability;
- Monitor the implementation of the strategic plan by Management.
- 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;
- Approve and monitor progress of major capital expenditure, fund-raising, acquisitions and divestitures;
- 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;

- Review, challenge and decide on Management's proposals for the Group and monitor its implementation by Management;
- Monitor compliance with established policies and procedures;
- Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures;
- Understand the principal risks of the Group business and recognise that business decisions involve the taking of appropriate risks;
- Fulfil 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;
- 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;
- 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;
- Ensure Senior Management has the necessary skills and experience;
- Ensure measures are in place to provide for orderly succession planning, including appointing, training, fixing the compensation of and, where appropriate, replacing Senior Management;
- Reviewing the adequacy and the integrity of the management information and internal control systems of the Group;
- Ensure that there is a sound framework of reporting on internal controls and regulatory compliance;
- Review the efficiency and quality of the Group's financial reporting process and systems of accounting and internal controls; and
- Ensure the integrity of the Group's financial and non-financial reporting.

3.1.3 In the normal course of events, day to day management of the Company will be in the hands of Management and under the stewardship of the GMD.

3.1.4 The Board will satisfy itself that the Company is achieving the Company Goals.

3.2 The Board's Relationship with Shareholders & Stakeholders

3.2.1 The Board will use its best endeavors to familiarize itself with issues of concern to Shareholders.

3.2.2 The Board will regularly evaluate economic, political, social and legal issues and any other relevant external matters that may influence or affect the development of the Business or the interests of Shareholders and, if thought appropriate, will take outside expert advice on these matters.

3.2.3 The Board shall ensure effective, transparent and regular communication with its stakeholders to facilitate mutual understanding of each other's objectives and expectations.

3.3 General Meeting

3.3.1 All Directors and the Chairs of the Board Committees must attend General Meetings to allow shareholders to raise questions and receive meaningful response to questions raised by them.

3.4 Board Procedures

3.4.1 The conduct of Directors will be consistent with their duties and responsibilities to the Company and, indirectly, to Shareholders. The Board will be disciplined in carrying out its role, with the emphasis on strategic issues and policy. Directors will always act within any limitations imposed by the Board on its activities.

3.4.2 Directors will use their best endeavours to attend Board meetings. Directors are expected to participate fully, and constructively in Board discussions and other activities and to bring the benefit of their particular knowledge, skills and abilities to the Board. Directors unable to attend a meeting will advise the Chairman at an earlier date as possible and confirm in writing to the Secretary.

3.4.3 Board discussions will be open and constructive, recognizing that genuinely held differences of opinion could bring greater clarity and lead to better decisions. The Chairman will, nevertheless, seek a consensus in the Board but may, where considered necessary, call for a vote. All discussions and their record will remain confidential unless there is a

- specific direction from the Board to the contrary, or disclosure is required by law. Subject to legal or regulatory requirements the Board will decide the manner and timing of the publication of its decisions.
- 3.4.4 Executive Directors attend Board meetings to discharge their Board responsibilities. At Board meetings, Board responsibilities supersede all executive responsibilities.
- 3.4.5 The Board has sole authority over its agenda and exercises this through the Chairman. Any Director may, through the Chairman, request the addition of an item to the agenda. The Chairman in consultation with the GMD and the Secretary will set the agenda.
- 3.4.6 The Board will normally hold meetings at least four times in each financial year and will hold additional meetings as the situation requires.
- 3.4.7 Directors are entitled to have access, at all reasonable times, to all relevant company information and to Management.
- 3.4.8 Directors are expected to strictly observe confidentiality of company information.
- 3.4.9 In making policy, the Board will not reach specific decisions unless it has considered the more general principles upon which they are founded, and in reaching other specific decisions, the Board will consider the policies against which the decisions are made.

3.5 Board Meeting

- 3.5.1 The Board shall meet at least four (4) times in a financial year, with additional meetings to be convened as and when necessary.
- 3.5.2 Notices and agenda of meetings duly endorsed by the Chairman together with the relevant Board papers shall be distributed at least five (5) working days prior to the Board meetings.
- 3.5.3 The quorum for a Board meeting shall be a minimum of two (2) Directors. In the absence of the Chairman, the members present shall elect a Chairman from amongst them to chair the meeting.
- 3.5.4 A meeting shall normally be conducted face-to-face to enable effective discussion; however, meetings may also be conducted via telephone conferencing, video conferencing or other appropriate means as determined by the Board.
- 3.5.5 The Board may from time to time and if deemed appropriate, consider and approve and/or recommend relevant matters via a resolution in writing, in

- lieu of formally convening a meeting. A written resolution in writing signed or approved by a majority of the Directors shall be as valid and effectual as if it has been passed by a meeting of the Board duly convened. Approval of the Board on the resolution can be through email and/or other means of electronic communications. Any such resolution may consist of several documents, including facsimile or other means of communications, in like form, each signed by one or more Directors.
- 3.5.6 All resolutions of the Board shall be adopted by a simple majority vote, each member having one vote. In case of equality of votes, the Chairman of the Board shall have a second or casting vote save where the Chairman forms the quorum.
- 3.5.7 A Board member is required to abstain from deliberations and voting in respect of any matter which may give rise to an actual or perceived conflict of interest situation.
- 3.5.8 The minutes of the meeting shall record the deliberations and decisions of the Board.
- 3.5.9 Minutes shall be distributed to Board members and shall be approved by the Chairman of the meeting at which the proceedings are held or by the Chairman of the next succeeding meeting.

3.6 Chairman

- 3.6.1 The Board Chairman presides over meetings of Directors and is responsible for instilling good corporate governance practices, leadership and the effectiveness of the Board. The duties of the Board Chairman include the following:
- 3.6.2 Managing Board meetings to ensure robust decision-making by:
- setting the agenda for each Board meeting together with the Secretary and Management;
 - ensuring the provision of accurate, complete, timely and clear information to the Directors;
 - leading Board meetings and discussions;
 - managing Boardroom dynamics by promoting a culture of openness and debate; encouraging active participation and allowing dissenting views to be freely expressed; and
 - ensuring all Directors are properly briefed on issues arising at Board meetings in a timely manner.

3.6.3 Building a high performance Board by:

- providing leadership for the Board so that the Board can perform its responsibilities effectively;
- taking a leading role in establishing an effective corporate governance system and practices, including Board and Committee Charters, a Committee structure and ensuring that induction as well as ongoing education programmes for Directors are in place;
- ensuring that prior to new appointments to the Board, an assessment is undertaken on the candidate, which may include a competency analysis of the candidate; and
- ensuring that the Board and senior executive succession planning is considered on an ongoing basis.

3.6.4 Managing Board/Management interface by:

- acting as the conduit between Management and the Board, although all Directors shall have the opportunity to get to know key members of the Management team;
- developing a positive relationship with the GMD, acting as a confidant and advisor; and
- facilitating the selection and appointment of a successor to the current GMD.

3.6.5 Being the public face by:

- acting as a spokesperson for the Board; and
- representing the Company at shareholders' meetings and on other occasions when actions are taken or statements are made in the name of the Group, both domestically and/or abroad.

3.6.6 Ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole.

3.7 Role of Individual Directors

3.7.1 Directors are expected to comply with their legal, statutory and equitable duties and obligations when discharging their fiduciary responsibilities as Directors. Broadly these include:

- acting in good faith and in the best interests of the Group;
- demonstrating good stewardship and acting in a professional manner with sound mind;
- acting with reasonable care, skill and diligence subject to the business judgement rule;
- avoiding conflicts of interest with the Group in a personal or professional capacity, including improper use of the property, information, opportunity of the Group or position as a Director or officer of the Group or engaging in business which is in competition with the Group;
- ensuring Board information, discussions, deliberations and decisions that are not publicly known are not used for personal interest, or their employers' interest;
- disclosure of and abstaining from voting on matters of material personal interest;
- exercising greater vigilance and professional scepticism in understanding and shaping the strategic direction of the Company and/or Group; and
- compliance with the Companies Act, securities legislation and the MMLR.

3.7.2 Every Director shall devote sufficient time to prepare for and attend Board and Board Committee meetings, attend Directors' continuous training programme and briefings.

3.7.3 Every Director must attend at least fifty (50) percent of the Board meetings held in each financial year.

3.7.4 Every Director must keep abreast of his responsibilities as a Director and of the conduct, business activities and development of the Group.

3.7.5 Every Board member should ensure that the minutes of meetings accurately reflect the deliberations and decisions of the Board, including

whether any Director abstained from voting or deliberating on a particular matter.

3.8 Board Committees

3.8.1 Board committees will be formed only when it is efficient or necessary to facilitate efficient decision-making.

3.8.2 Board committees will observe the same rules of conduct and procedure as the Board unless the Board determines otherwise.

3.8.3 Board committees will only speak or act for the Board when so authorised.

3.8.4 Certain functions of the Board are delegated to Board Committees, which comprise members of the Board and operate within clearly defined terms of references primarily to assist the Board in the execution of its duties and responsibilities. The following is a brief description of the Board Committees established by the Board:-

- Nomination Committee - To recommend to the Board, the appointment of new members on the Board and Board Committees including the conduct of annual evaluation of their performance/skill sets, both individually and collectively.
- Remuneration Committee - To evaluate recommendations for promotion and remuneration and compensation policies for executives in key management positions
- Audit Committee of the Board - Review the adequacy of the internal audit scope and plan, functions and resources

3.9 Board Composition

3.9.1 The composition of the Board will reflect the duties and responsibilities it is to discharge and perform as representative of the interests of Shareholders, and in setting the Company's strategy and seeing that it is implemented.

3.9.2 Generally, the qualifications for Board membership are the ability and intelligence to make sensible business decisions and recommendations, an entrepreneurial talent for contributing to the creation of Shareholder value, the ability to see the wider picture, the ability to ask the hard questions, preferably some experience in the industry sector, high ethical standards, sound practical sense, and a total commitment to furthering the interests of Shareholders and the achievement of the Company Goals.

3.9.3 Non-executive Directors will be active in areas which enable them to relate to the strategies of the Company and to make a meaningful contribution to the Board's deliberations. They will be independent of Management and

- free from any business or other relationship which could materially interfere with the exercise of their independent judgment. To be effective, independent non-executive Directors should make up at least half of the Board membership.
- 3.9.4 The size of the Board will be such that involvement, participation, harmony and sense of responsibility of the Directors are not jeopardized. It must be large enough to ensure a range of knowledge, views and experience.
- 3.9.5 Directors appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the next annual general meeting of the Company but shall be eligible for re-election.
- 3.9.6 Directors shall retire from office at least once every three years but shall be eligible for re-election.
- 3.9.7 Where Executive Directors are engaged on service contracts, the tenure of the service contract and all extension thereafter, must not be longer than a continuous period of three years. Upon the expiry of his tenure, the Board may also, with the recommendation of the Nomination Committee and if it considers appropriate, appoint him as a non-executive Director until the conclusion of the next annual general meeting, whereby he shall be eligible to offer himself for re-election.
- 3.9.8 In the event of an Executive Director's service contract with the Company is terminated for whatever reason, the Director is expected to resign from the Board.
- 3.9.9 If the service contract is terminated for reasons other than the expiry of the contract, or inflicted/ caused by himself, or due to breach of the service contract or law, he shall be compensated a sum equivalent to the amount payable to him for the remaining tenure.
- 3.9.10 The Board shall adhere to the Policy on Independence of Directors as adopted.

3.10 Diversity

- 3.10.1 The Board has identified the ideal board matrix, gap analysis and criteria for new board appointments. In undertaking the process of reviewing and selecting potential candidates to fill in the vacancies on the Board, the Nomination Committee is mindful of various diversity factors to strengthen the Board composition that meets the objectives and strategic goals of the Company.
- 3.10.2 In seeking potential candidate for new appointments, the Board shall take into account the various diversity factors including ethnicity, gender and

age distribution of the Directors to maintain a balanced Board composition. In this respect, the Board aims to achieve its target of at least three (3) women directors or 30% women directors on the Board.

3.11 Board Review Process

3.11.1 To remain relevant, the effectiveness of the Board, its Committees and each individual Director should be annually reviewed and disclosed in the annual report as prescribed under the MMLR and the MCCG. The Board should engage professional, experienced and independent party(ies) periodically to facilitate objective and candid board evaluation.

3.11.2 The Board via the Nomination Committee shall establish a set of criteria for the assessment of all Directors including Independent Directors. In establishing these criteria, attention shall be given to the values, principles and skills required for the Group. These criteria will serve as a source of reference for prospective and incumbent Directors for the Board's annual assessment and shall be reviewed regularly to maintain their relevance.

3.11.3 The evaluation shall cover the performance of the Board, the various Board Committees and each individual Director.

3.11.4 The Board should disclose how it has conducted such assessment and its outcome in the annual report including the identity of the third party if the assessment is conducted by an independent third party.

3.11.5 The Board, in assessing a Director's independence should focus not only on whether a Director's background and current activities qualify him or her as independent but also whether the Director can act independently of Management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of the Company.

3.12 Directors' Orientation and Continuous Education Training

3.12.1 All newly appointed Board members shall undergo a formal induction and continuous education programme to ensure that they understand:

- their roles and responsibilities;
- the Board's expectations in terms of their knowledge contribution;
- the nature of the Group's business;
- current issues faced; and
- strategies adopted by the Group.

3.12.2 All Directors shall ensure that they keep abreast of regulatory changes, other developments and broad business trends. The Board must evaluate the training needs of its Directors on a continuous basis and ensure all Directors have access to appropriate continuing education programmes.

3.13 Provision of Business or Professional Services by Directors

3.13.1 Generally, Directors shall not provide business or professional services of an ongoing nature to the Company.

3.13.2 Notwithstanding the general rule, the Company is at liberty to:

- for the purpose of a special assignment, engage the services of any Director having special expertise in the particular field; or
- engage the services of a party related to a Director's of an organization so long as the terms of engagement are competitive, are clearly recorded and all legal requirements for disclosure of the engagement are properly observed.

3.14 Other Board Appointment

3.14.1 Any Director is, while holding office, at liberty to accept other Board appointments so long as the appointment is not in conflict with the business and does not affect his performance as a Director.

3.15 Independent Professional Advice

3.15.1 Any Director is entitled to obtain independent professional advice relating to the affairs of the Company or to his or her other responsibilities as a Director.

3.15.2 If a Director considers such advice is necessary he shall first discuss it with the Chairman and, having done so, shall be free to proceed.

3.15.3 Subject to the prior approval of the Chairman, the cost of the advice will be reimbursed by the Company but the Directors will ensure, so far as is practicable, that the cost is reasonable.

3.16 Indemnities and Insurances

3.16.1 The Company shall make all reasonable effort to provide Directors with, and will pay the premiums for, indemnity and insurance cover while acting in their capacities as Directors, to the fullest extent permitted by the Act and law.

3.17 The Secretary

3.17.1 The Secretary to the Board shall be the Group Secretary or a person recommended by the Group Secretary and approved by the Board.

3.17.2 The Secretary shall organise and provide assistance at Board and Board Committee meetings and have the following key responsibilities:

- draft the schedule of Board activities for the financial year;
- ensure meetings are arranged and held accordingly;
- assist the Chairman in planning the Board's activities;
- draw up meeting agendas in consultation with the Board Chairman and maintain the minutes;
- ensure structured communication channels between the Board and Board Committees;
- attend Board and Board Committee meetings and ensure the proceedings of meetings are recorded and the minutes circulated in a timely manner;
- ensure the presence of a quorum at the meeting; and
- ensure Board Committees' recommendations presented to the Board are supported by papers that explain the rationale for the Committees' recommendations.

3.18 Code of Business Conduct

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

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

3.19 Whistleblowing Policy

3.19.1 The Board should establish, review and together with Management implement appropriate policies and procedures on whistleblowing.

3.19.2 The oversight of the whistleblowing function is under the purview of the Audit Committee who shall ensure that all reported violations are properly investigated. The Audit Committee is also responsible for reviewing the effectiveness of the actions taken in response to all concerns raised.

Part 4 Board-Management Relationship

4.1 Role of GMD

4.1.1 The GMD assumes the overall responsibilities for the execution of the Group's strategies in line with the Board's direction, oversees the operations of the Group and drives the Group's businesses and performance towards achieving the Group's vision and goals. The key roles of the GMD include, among others:

- displaying ethical behaviour while overseeing the day-to-day business operations, implementing Board policies and strategies, and making operational decisions;
- serving as the conduit between the Board and Management in ensuring the success of the Group's governance and management functions;
- ensuring that all Board decisions reflect its environment, safety and health intentions as articulated in the environment, safety and health policy statement;
- ensuring effective relationships and communication with Management, and between the Board, shareholders and relevant stakeholders;
- providing strong leadership by effectively communicating the vision, management philosophy, business strategy and environment, safety and health policy to employees; and
- keeping the Board informed of salient aspects and issues concerning the Group's operations, including those related to environment, safety and health.

4.2 Accountability of GMD to Board

4.2.1 The GMD, in association with the Chairman, is accountable to the Board for the achievement of the Company Goals and the GMD is accountable for the observance of the Management Limitations.

4.3 Management Limitations

- 4.3.1 The GMD is expected to act within all specific authorities delegated to him by the Board.
- 4.3.2 The GMD is expected not to cause or permit any practice, activity or decision that is contrary to commonly accepted good business practice or professional ethics.
- 4.3.3 In allocating the capital and resources of the Company, the GMD is expected to adhere to the Company Goals.
- 4.3.4 The GMD is expected not to cause or permit any action without taking into account the health, safety, environment and political consequences and their effect on long-term shareholder value.
- 4.3.5 The GMD is expected not to cause or permit any action that is likely to result in the Company becoming financially embarrassed.
- 4.3.6 The assets of the Company are expected to be adequately maintained and protected, and not unnecessarily placed at risk. In particular, the Company must be operated with a comprehensive system of internal control, and assets of funds must not be received, processed or disbursed without controls that, as a minimum, are sufficient to meet standards acceptable to the Company's external auditors.
- 4.3.7 The GMD is expected not to permit employees and other parties working for the Company to be subjected to treatment or conditions that are undignified, inequitable, unfair or unsafe.
- 4.3.8 The GMD is expected not to cause or permit payments to be made or rewards given unless they are in return for contributions towards the purposes of the Business and are proportional to the extent that the contribution in question has furthered such purposes.

Part 5 Revision and Updates

- 5.1 The Board Charter and the Terms of Reference of each Committee established by the Board shall be periodically reviewed and updated by the Board taking into consideration the needs of the Group as well as any development in rules and regulations that may have an impact on the discharge of the Board's duties and responsibilities.

This Board Charter is approved and adopted by the Board of Directors of **AYS Ventures Berhad** effective from 22 May 2018.