

JISHAN BERHAD

201901013612 (1322940-P)

BOARD CHARTER

1. INTRODUCTION

Jishan Berhad (“Jishan” or “the Company”) has established Board Charter to promote high standards of corporate governance throughout Jishan Berhad and its subsidiaries (collectively referred to as the “Group”) and is designed to provide guidance and clarity for Directors and management with regard to the role of the Board.

2. PURPOSE OF BOARD CHARTER

The purpose of Board Charter is to:

- a) set out the roles, composition and responsibilities of the Board of Directors (“the Board”) and the key elements of governance principles guiding the business culture and strategic initiatives of the Company;
- b) provide procedures for convening board meetings;
- c) act as a source of reference and primary induction materials, providing insights to prospective board members; and
- d) assist the Board to assess its own performance and that of individual directors.

3. PURPOSE OF THE BOARD

The key role of the Board is to establish a corporate culture which engenders ethical conduct that permeates throughout the Company.

The Board should formalise ethical values and strategies through the Company’s policies and ensure the implementation of appropriate internal systems to support, promote, and ensure its compliance and sustainability. This includes having in place appropriate communication channels which facilitate whistleblowing by employees, all third parties (including customers, suppliers, distributors, business contacts, agents, advisers, consultants, contractors, service providers, government and public bodies) (“Third Parties”) to raise concerns on potential or suspected unethical behaviour, infractions of the code of conduct, or any failure to comply with the laws and regulations governing the Company.

In facilitating interaction between the shareholders and the Company, concerns may be directed to the Independent Non-Executive Director.

4. STRUCTURE AND COMPOSITION OF THE BOARD

The Board recognises board diversity as a key attribute to its board composition and as such, a balanced board should comprise of Directors with the requisite range of skills, competence, knowledge, and experience, including a diversity of perspectives, gender, age and ethnicity in order to set the context for appropriate board behaviour which will enable them to discharge their duties and responsibilities effectively in good faith with reasonable degree of care and diligence.

The number of Directors shall not be less than two (2) and not more than fourteen (14). The Board may elect a Chairman from amongst its members.

4.1 Chairman of the Board

The responsibilities of the Chairman include the following:

- a) monitor the Company's vision, strategic, business direction, and business development;
- b) ensure operations conform with the Board's strategic directions, and corporate policies;
- c) facilitate communication and understanding between the Board and management;
- d) facilitate the effective participation and performance of the Directors at Board meetings;
- e) provide leadership to the Board for all aspects of the Board's roles and responsibilities;
- f) act in an advisory capacity to the CEO/MD and Executive management team and to other officers (if any) in all matters concerning the interests and management of the Company; and
- g) play an important role in the Company's external relationships with Stakeholder

4.2 Executive Director ("ED")

The responsibilities of the ED include the following:

- a) execute the policy direction and management of the Company;
- b) ensure day-to-day operations of the Company is operating efficiently and effectively;
- c) bring material issues and other relevant matters to the attention of the Board;
- d) report the financial and business performance of the Company to the Board;
- e) recommend yearly budget for the Board's approval;
- f) the prudent management of Company's resources within those budget guidelines approved by the Board;
- g) the effective management of the human resources of the Company;
- h) ensure the risk management and internal control system is operating effectively in all material respects; and
- i) implement the policies and strategies adopted by the Board.

4.3 Independent Director

Independent Director not involved in the day-to-day operations of the Company, free from any business or other relationship by providing independent view and judgement to ensure unbiased decision making and ensure no concentration of power in any member of the Board.

The Board will undertake assessment of the independence of the Independent Director (including the tenure of the Independent Director) on annual basis or when the Independent Director disclose to the Board any new information in relation to interests or relationships relevant to their independence.

5. ROLES AND RESPONSIBILITIES OF THE BOARD

5.1. Fiduciary Duties of Board Members

In discharging its fiduciary duties, the Board must at all times act in good faith, avoiding all potential or actual conflicts of interest, and in the best interests of the Company and at the same time to advance and improve the interest of its stakeholders.

5.2. Strategic Responsibilities

In discharging the governance function, the responsibilities of the Board include the following:

- a) review and adopt strategic plans for the Group including establish performance objectives and approve operating budgets for the Group and to ensure that the strategies promote sustainability within the aspects of environment, social and necessary resources are in place to meet the objectives. The Board is also responsible to monitor the implementation of strategic plans by management;
- b) oversee the conduct of the Group's business, including to monitor the performance of the management to determine whether the business is being properly managed and operated;
- c) identify principal risks faced by the Group and to ensure the implementation of appropriate internal controls and risk management framework to mitigate the risks faced by the Group;
- d) oversee the succession planning, including to appoint, assess, train, and where appropriate to replace, the ED and senior management of the Group;
- e) review the adequacy and the integrity of the internal control systems and information systems, ensuring there is a sound framework of reporting internal controls and regulatory compliance.

5.3. Formal Schedule of Matter Reserved for Board's Approval

The Board shall set aside a formal schedule of matters specifically reserved to the Board for its decision and approval, including authority levels, to ensure that the direction and control of the Company is firmly in its hand. These include the approval of corporate proposals, appointment of Directors, major acquisitions and disposals, annual budget and semi-annual financial reports, declaration and recommendation of dividend, new investment, establishment or disposal of subsidiary, as well as approval of corporate policies.

6. BOARD MEETINGS

Directors are expected to attend all Board meetings and on which they serve, and to devote sufficient time to properly discharge their responsibilities at those meetings.

Information and materials that are important to the Board's understanding of the business to be conducted at a Board or shall be distributed to the Directors at least five (5) working days prior to the Board meeting in order to provide sufficient time for review beforehand.

The Chairman shall establish the agenda for each Board meeting. Agenda can be voted upon to form Board resolutions. By leveraging on technology, Board meetings can also be conducted via technological means and for expediency, circular resolutions of the Directors will be prepared for Directors' execution to facilitate the effective implementation of Board's decision.

6.1. Proceedings at Meetings

- a) The aspects of notice period, quorum and voting rights, meetings and proceedings of the Board will be governed by the Company's Constitution.
- b) Reasonable notice of meetings and the agenda on the business to be conducted shall be given the Board Members, as the case may be.
- c) The Company Secretary shall take minutes of the meetings. Meeting minutes shall be forwarded to the Chairman of the respective meeting for his/her review prior to tabling at the next succeeding meeting for approval by the members of the Board, as the case may be.
- d) All Board members must ensure that the meetings minutes accurately reflect the deliberations and decision of the Board, including whether any Director abstained from voting or deliberating on a particular matter.

7. ACCESS TO INFORMATION AND INDEPENDENT ADVICE

All Directors shall have unrestricted access to Management and to information pertaining to the Group, including access to the Company Secretary, Company auditors and consultants, relevant to the furtherance of their duties and responsibilities as Directors of the Company at the expense of Company.

8. INDEPENDENT PROFESSIONAL ADVICE

The Directors have unrestricted access to information from the Management, the Company Secretary, the outsourced Internal Auditors as well as the External Auditors of the Group in furtherance of their duties. If the need arises, they are free to obtain independent professional advice at the Company's expense.

Any Director seeking independent advice must first discuss the request with the Chairman who will facilitate obtaining such advice and, where appropriate, disseminate the advice to all Directors.

9. SHAREHOLDERS' COMMUNICATION

The Board must ensure all the material business matters, including circular to shareholders, press releases and semi-annual financial announcements, on a timely basis to provide shareholders with an overview of the Group's financial performance and operation in order for them to make informed decisions.

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

All the corporate information relating to the Company and its activities that can be viewed at the Company's website at <https://www.jishan-group.com/>.

10. CODE OF CONDUCT AND ETHICS

All Directors, Senior Management, Employees and Consultants, shall act in the best interest of the Group when they represent the Jishan Group.

11. REVIEW OF BOARD CHARTER

The Board will periodically review this Charter and may be amended from time to time to ensure its relevance, effectiveness and consistent with the Company's objective, its practices and current laws.

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