

# **IREKA CORPORATION BERHAD**

(Company No.: 25882-A)

## **BOARD CHARTER**

### **1. INTRODUCTION**

- 1.1 The Board Charter outlines the roles, responsibilities and powers of the Board, Board Committees and Senior Management.
- 1.2 The Board Charter is subject to the provisions of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa”), the Malaysian Code on Corporate Governance 2017 (“MCCG”), Companies Act 2016 (“Companies Act”), the Constitution of Ireka Corporation Berhad (“Ireka” or “Company”), and any other applicable law or regulatory requirements.

### **2. PURPOSE**

- 2.1 The role of the Board is to promote and protect the interests of Ireka’s shareholders and stakeholders. The Board ultimately responsible in determining the direction of Ireka Group, thereby ensuring the long term success of the Group and the delivery of sustainable value to its stakeholders. The Board provides leadership and advice on the long term corporate strategies, advocates good governance and ethical practices, and ensures the effective implementation of the corporate strategies.

### **3. BOARD COMPOSITION**

- 3.1 The Constitution of the Company provides for a minimum of two (2) Directors and a maximum of twelve (12) Directors. At any one time, one third (1/3) of the Board members shall be Independent Non-Executive Directors. In the event of any vacancy in the board of directors resulting in non-compliance with the MMLR, the vacancy must be filled within 3 months.
- 3.2 The position of the Board Chairman and the Managing Director (“MD”) shall be held by different individuals.
- 3.3 Members of the Board should possess the relevant skills, knowledge, competencies, experiences and characteristics to contribute effectively to the Board.
- 3.4 The Board shall also regularly review its composition to ensure the Board remains relevant and should formalise its succession planning practices.
- 3.5 Directors may relinquish their membership on the Board with prior written notice to the Company Secretary, subject to compliance with the provisions of the Companies Act, MMLR and the Company’s Constitution.
- 3.6 Pursuant to Section 202 of the Companies Act, every newly appointed Director shall hold office only until the next following annual general meeting (“AGM”) and pursuant to Section 205 of the Act, one-third of all other Directors, for the time being, or, if their number is not three or a multiple of three, then the number nearest to one-third, shall retire from office at the conclusion of the AGM. All retiring Directors shall be eligible for re-election.

- 3.7 The tenure of an Independent Non-Executive Director should not exceed a cumulative term limit of nine (9) years. Upon completion of the nine (9) years, an Independent Non- Executive Director may continue to serve on the Board as a Non-Independent Non-Executive Director. If the Board intends to retain an Independent Non-Executive Director beyond nine (9) years, it shall justify and seek annual shareholders' approval. If the Board continues to retain the Independent Non-Executive Director after the twelfth (12th) year, the Board shall seek annual shareholders' approval through a two-tier voting process as set out in the MCCG.

#### **4. AUTHORITIES OF THE BOARD**

- 4.1 The Board is authorised to do the following at the expense of the Group:
- 4.1.1 Be provided resources in order to perform its duties.
  - 4.1.2 Have direct access to the Senior Management and the external auditors.
  - 4.1.3 Have direct communication channels and access to the Group Company Secretary, and full and unrestricted access to information, records, properties and personnel of the Group in performing their duties.
  - 4.1.4 Obtain external, legal or independent professional advice as deemed necessary.

#### **5. DUTIES AND RESPONSIBILITIES OF THE BOARD, THE CHAIRMAN, DIRECTORS AND GROUP MANAGING DIRECTOR**

##### **5.1 Principal Responsibilities of the Board**

The Board is principally responsible for:

- 5.1.1 Reviewing and adopting strategic plans for the Group
  - a. Review and adopt strategic plans for the Group by bringing objectivity and judgment to the strategic planning process;
  - b. Ensure that the strategic plans for the Group support long-term goals and include strategies on economic, environmental, safety & health, social and governance considerations underpinning sustainability; and
  - c. Monitor the implementation of the strategic plans by Management.
- 5.1.2 Overseeing the conduct of the Group's businesses
  - a. Oversee the conduct of the Group's businesses, including the formulation of strategies and performance objectives, control and accountability systems, corporate governance framework, risk management practices and human capital management;
  - b. Monitor the implementation of the strategic plans by the Management;
  - c. Approve and monitor progress of major capital expenditure, fund-raising, acquisitions and disposals of undertakings and properties; and
  - d. Monitor compliance with established policies and procedures.

- 5.1.3 Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures
  - a. Understand the principal risks of the Group’s businesses and recognise that business decisions involve the taking of appropriate risks;
  - b. Monitoring the operational, financial and risk management processes of the Group and ensuring that internal control procedures are in place; and
  - c. Set the risk appetite within which the Board expects Management to operate and ensure that a sound risk management framework is established to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks.
- 5.1.4 Reviewing the adequacy and the integrity of the internal control and management information systems of the Group
  - a. Ensure that there is a sound framework of reporting on internal controls and regulatory compliance; and
  - b. Reviewing the adequacy and the integrity of the Group’s financial and non-financial reporting.
- 5.1.5 Overseeing the development and implementation of stakeholder communications policy for the Group
  - a. Ensure that the Group has in place a policy to enable effective communication with its stakeholders which shall include how feedback received from its stakeholders is considered by the Group when making business and other decisions.
- 5.1.6 Reviewing and adopting a Succession Plan for the Group
  - a. Ensure that the Senior Management has the necessary skills and experience; and
  - b. Ensure measures are in place to provide for orderly succession planning, including appointing, training, fixing the compensation of and, where appropriate, replacing Senior Management.

## 5.2 **Role of the Board Chairman**

The Board will appoint a Chairman from among the Directors. The Board Chairman is responsible for instilling good corporate governance practices, leadership and effectiveness of the board. The key roles of the Board Chairman, among others, are as follows:

- 5.2.1 Managing Board meetings to ensure robust decision-making by:
  - a. setting the agenda for each Board meeting together with the Group Company Secretary and the Managing Director (“MD”). Other Directors and Senior Management may also be consulted;
  - b. ensuring the provision of accurate, complete, timely and clear information to the Directors;

- c. leading Board meetings and discussions; and
- d. managing Boardroom dynamics by promoting a culture of openness and debate; encouraging active participation and allowing dissenting views to be freely expressed.

5.2.2 Building an effective Board by:

- a. providing leadership for the Board so that the Board can perform its responsibilities effectively;
- b. taking a leading role in establishing an effective corporate governance practices, including Board Charter and Terms of Reference for the Board Committees, and ensuring that induction as well as ongoing education programmes for Directors are in place;
- c. evaluating performance of the Board, its Committees and individual Directors and discussing the results of the assessment with individual Directors and Committee Chairmen;
- d. ensuring that prior to appointment of new Board members, an assessment on the competency is undertaken on the candidate; and
- e. ensuring that the Board and Senior Management succession planning is considered on an ongoing basis.

5.3 **Role of Individual Directors**

5.3.1 Directors are expected to comply with their legal, statutory and equitable duties and obligations when discharging their fiduciary responsibilities as Directors which shall include, among others, the following:

- a. acting in good faith and in the best interests of the Group;
- b. demonstrating good stewardship and acting in a professional manner;
- c. 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;
- d. ensuring Board information, discussions, deliberations and decisions that are not publicly known are not used for personal interest, or their employers' interest;
- e. disclosure of and abstaining from voting on matters of material personal interest;
- f. exercising greater vigilance and professional scepticism in understanding and shaping the strategic direction of Ireka and/or the Group; and
- g. complying with the Companies Act, MMLR and the relevant legislations and regulations.

- 5.3.2 Every Director must keep abreast of his responsibilities as a Director and of the conduct, business activities and development of the Group.
- 5.3.3 Every Director shall devote sufficient time to prepare for and attend Board and Board Committee meetings, attend directors' continuous training programme and briefings.
- 5.3.4 Every Director must attend at least fifty (50) percent of the Board meetings held in each financial year.

#### **5.4 Role of the Independent Non-Executive Director**

- 5.4.1 The presence of the Independent Non-Executive Director is to ensure that there is proper check and balance on the Board as they are able to provide unbiased and independent views in Board deliberations and decision-making of the Board taking into consideration the interests of the Group and the minority shareholders.
- 5.4.2 The duties of the Senior Independent Non-Executive Director shall include acting as a sounding board for the Chairman, an intermediary for other Directors when necessary, and the point of contact for shareholders and other stakeholders with concerns which have failed to be resolved or would not be appropriate to be communicated through the normal channels of the Chairman and/or MD.

#### **5.5 Role of the Managing Director**

- 5.5.1 The MD, with the assistance of the Deputy Managing Director, assumes the overall responsibilities for the execution of the Group's strategies in line with the Board's direction, oversees the business operations and drives the Group's businesses and performance towards achieving the Group's vision and goals. The key roles of the MDs include, among others:
  - a. displaying ethical behaviour while overseeing the day-to-day business operations, implementing Board policies and strategies, and making operational decisions;
  - b. serving as the conduit between the Board and Management in ensuring the success of the Group's governance and management functions;
  - c. being the public face by acting as a spokesperson for the Board and representing Ireka at shareholders' meetings and on other occasions when actions are taken or statements are made in the name of the Group;
  - d. ensuring effective relationships and communication with Management, and between the Board, shareholders and relevant stakeholders;
  - e. providing strong leadership by effectively communicating the vision, management philosophy, business strategy and environment, safety and health policy to employees; and
  - f. keeping the Board informed of salient aspects and issues concerning the Group's operations.

## **6. MATTERS RESERVED**

- 6.1 The matters reserved for the Board include:
- 6.1.1 Approval of the Group corporate strategy and objectives;
  - 6.1.2 Approval of annual budgets, including major capital investments or projects;
  - 6.1.3 Approval of new business portfolio or ventures;
  - 6.1.4 Approval of material acquisitions and disposals;
  - 6.1.5 Appointment of new board member(s);
  - 6.1.6 Appointment of Company Secretaries;
  - 6.1.7 Changes in the key policies, procedures and delegated authority limits of the Group;
  - 6.1.8 Approval of quarterly results announcement, audited financial statements and annual report;
  - 6.1.9 Recommendation of dividends for the approval of shareholders; and
  - 6.1.10 Any other matters which are required to be approved by the Board pursuant to the applicable rules, laws and regulations.

## **7. BOARD MEETINGS**

### **7.1 Frequency**

The Board shall meet at least five (5) times in a financial year, with additional meetings to be convened as and when necessary. Board meetings for each financial year are scheduled before the end of the preceding financial year.

### **7.2 Notice and Agenda**

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.

### **7.3 Quorum**

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 one from amongst them to chair the meeting.

### **7.4 Meeting Mode**

7.4.1 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.

7.4.2 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 resolution in writing signed or approved by all the Directors who are sufficient to form a quorum shall be as valid and effectual as if it has been passed at a meeting of the directors duly convened. Approval of the Board on the resolution can be through email and/or other means of electronic communications. Any such resolutions may consist of several documents in like form, each signed by one or more Directors.

#### **7.5 Voting**

7.5.1 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.

7.5.2 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.

#### **7.6 Meeting Minutes**

7.6.1 The minutes of the meeting shall record the deliberations and decisions of the Board. The minutes shall include compiled Board instructions as Matters Arising for discussion at each Board meeting to ensure proper follow through.

7.6.2 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.

#### **7.7 Secretary**

7.7.1 The Secretary to the Board shall be the Group Company Secretary.

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

- a. draft the schedule of Board activities for the financial year;
- b. ensure meetings are arranged and held accordingly;
- c. assist the Chairman in planning the Board's activities;
- d. draw up meeting agendas in consultation with the Board Chairman and maintain the minutes;
- e. ensure structured communication channels between the Board and Board Committees;
- f. attend Board and Board Committee meetings and ensure the proceeding of meetings are recorded and the minutes circulated in a timely manner; and
- g. ensure the presence of a quorum at the meeting.

### **8. BOARD EVALUATION**

8.1 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 may engage independent parties periodically to facilitate objective and candid board evaluation.

- 8.2 The Board via the Nomination & Remuneration Committee shall establish criteria for the assessment of all Directors including Independent Directors. The assessment shall cover the performance of the Board, the various Board Committees and each individual Director. These criteria shall be reviewed regularly to maintain their relevance.
- 8.3 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.
- 8.4 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.

## **9. DIRECTORS' ORIENTATION AND CONTINUOUS EDUCATION TRAINING**

### **9.1 Newly Appointed Directors**

All newly appointed Board members shall undergo induction and continuous education programmes to ensure that they understand:

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

### **9.2 Directors' Training and Development**

All Directors shall ensure that they keep abreast of regulatory changes, current affairs, broad business trends and other developments. 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.

## **10. BOARD COMMITTEES**

- 10.1 The Board has delegated some of its powers and functions to each of the following Board Committees to assist it in carrying out its responsibilities:

### **10.1.1 Audit Committee ("AC")**

- (a) The AC assists and supports the Board's responsibility of overseeing the Group's operations by providing a means for reviewing the Group's processes for producing financial data, its internal controls, and policies and procedures to assess the suitability, objectivity and independence of the external auditor and internal audit function.
- (b) The AC exercised oversight responsibility over risk management of the Group in assisting the Board in overseeing the risks management framework and policies within the Group and reviews the efficacy of internal controls within the Group.



#### 10.1.1 **Nomination & Remuneration Committee (“NRC”)**

- (a) The NRC oversees matters related to the nomination of new Directors, annually reviews the required mix of skills, experience and other requisite qualities of Directors as well as undertakes the annual assessment of the effectiveness of the Board as a whole, its Committees and the contribution of each individual Director.
  - (b) The NRC is responsible for recommending to the Board the remuneration framework for Directors as well as reviewing the remuneration package for Executive Directors.
- 10.2 The committees shall operate under clearly defined terms of reference. The committees are authorised by the Board to deal with and to deliberate on matters delegated to them within their terms of reference. The Chairman of the respective Committees shall report and update the Board on significant issues and concerns discussed and where appropriate, make the necessary recommendations to the Board for its consideration and decision making.

### **11. CODE OF ETHICS AND CONDUCT**

- 11.1 The Directors are expected to conduct themselves with the highest ethical standards. All Directors and employees are expected to behave ethically and professionally at all times and thereby protect and promote the reputation and performance of the Company. The Group communicates its code of conduct to all Directors and employees upon their appointment/employment and is deemed to be part of the Terms and Conditions of Service.
- 11.2 Directors are required to declare their respective shareholdings, direct or indirect if any, in the Company and related companies and their interests, direct or indirect, in contracts or proposed contracts with the Company or any of its related companies. The Directors concerned are to abstain from deliberating and voting in relation to these transactions or in matters affecting their personal, business or professional interests.
- 11.3 Each Director will, at all times act honestly, fairly and diligently in all respects in accordance with the laws applicable to the Company.

### **12. GROUP COMPANY SECRETARY**

- 12.1 The Board shall ensure that it is supported by a suitably qualified and competent Secretary, who plays an important advisory role and fulfils the functions for which he/she has been appointed.
- 12.2 The Group Company Secretary is a central source of information and advice to the Board and its Committees on issues relating to sound governance and compliance with laws, rules, procedures and regulations and advocates adoption of corporate governance best practices affecting the Group.
- 12.3 The roles and responsibilities of the Group Company Secretary shall include, but are not limited to the following:
- a. Advising the Board on its roles and responsibilities;

- b. Manage all board and committee meeting logistics, attend and record minutes of all board and committee meetings and facilitate board communications;
- c. Facilitating the orientation of new Directors and assisting in directors' training and development;
- d. Advising the Board on corporate disclosures and compliance with company and securities regulations and listing requirements including:
  - disclosure of interests in securities;
  - disclosure of any conflict of interest in a transaction involving the Group;
  - prohibition of dealing in securities; and
  - restrictions on disclosure of price-sensitive information.
- e. Managing processes pertaining to the annual shareholders' meeting;
- f. Monitoring corporate governance development and assisting the Board in applying governance practices to meet the Board's needs and stakeholders' expectations; and
- g. Serving as a focal point for stakeholders' communication and engagement on corporate governance issues.

12.4 The Group Company Secretary must keep abreast of, and inform the Board of, current governance practices. The Company Secretary should undertake continuous professional development.

### **13. COMMUNICATION WITH STAKEHOLDERS**

- 13.1 The Board shall ensure effective, transparent and regular communication with its stakeholders to facilitate mutual understanding of each other's objectives and expectations. These include the following:
  - 13.1.1 Company's corporate and financial information, announcements, annual reports, circulars, etc are available on the Company's website, [www.ireka.com.my](http://www.ireka.com.my);
  - 13.1.2 Engagement with the Board and Senior Management through the participation of shareholders in the general meetings of Ireka;
  - 13.1.3 Press conference with the media immediately after general meetings to provide them an opportunity to receive an update from the Board on the proceedings at the meetings and to address any queries from the media; and
  - 13.1.4 Regular meetings with analysts and investors to present and update the Group's strategy, performance and major developments.

### **14. GENERAL MEETING**

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

## **15. REVIEW OF THE BOARD CHARTER**

- 15.1 This 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 was reviewed and approved by the Board on 27 February 2019.