

BOARD CHARTER

1. Purpose of Charter

This Board Charter sets out the principles for the effective operation of the Board of Directors (“Board”) of **JATI TINGGI GROUP BERHAD** (hereinafter referred to as “**Company**”) and describes the functions of the Board and those functions delegated to Management of the Company.

The Board has primary responsibility to shareholders for the welfare of the Company. The Board is responsible for the business and the affairs of the Company. The Company recognises the importance of the Board in providing a leadership and sound base for good corporate governance in the operations of the Company.

This Board Charter is established to promote high standards of corporate governance and is designed to provide guidance and clarity for Directors and Management regarding the role of the Board and its committees. This Board Charter does not overrule or pre-empt the statutory requirements and other relevant statutes except for Role of Independent Directors described in Clause 8. This Board Charter shall form an integral part of each Director’s duties and responsibilities.

2. Role of Board

2.1 The Board shall assume ultimate accountability and responsibility for the performance and affairs of the Company and shall in so doing effectively represent and promote the legitimate interests of the Company and its shareholders. The business and affairs of a Company shall be managed by, or under the direction of the Board;

2.2 The Board has all the powers necessary for managing and for directing and supervising the management of the business and affairs of the Company subject to any modification, exception or limitation contained in the Companies Act 2016 or in the Constitution of the Company;

2.3 The Board shall ensure that Management has in place appropriate processes for risk assessment, management and internal controls and monitoring the Company’s performance against agreed benchmarks. The Board shall work with Senior Management as collaborators in advancing the interests of the Company;

2.4 The Board has delegated certain responsibilities to committees which operate in accordance with Charter approved by the Board and delegated the day to day management of the business of the Company to the Management and the Managing Director (“MD”) / Chief Executive Officer (“CEO”) (or its equivalent) subject to an agreed authority limit;

2.5 The principal responsibilities of the Board are as follows:

- 2.5.1 Review of the principal risks identified and ensuring the implementation of appropriate systems to manage these risks by the Management;
- 2.5.2 Review of the framework for internal controls and risk management developed by the Management;
- 2.5.3 Ensuring that Management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of Board and Senior Management;
- 2.5.4 Establishing and reviewing the policies and procedures on whistleblowing;
- 2.5.5 Monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting;
- 2.5.6 Review of the Company’s financial statements in terms of true and fair view and conformance with the accounting standards;
- 2.5.7 Monitoring and reviewing policies and procedures relating to occupational health and safety and compliance with relevant laws and regulations; and
- 2.5.8 Ensuring that the Company adheres to high standards of ethics and corporate behaviour.

- 2.6 The Board should set the Company's strategic aims, ensure that the necessary resources are in place for the Company to meet its objectives and review management performance. The Board should set the Company's values and standards and ensure that its obligations to its shareholders and other stakeholders are understood and met.
- 2.7 In overseeing the conduct of the Company's business, the Board shall ensure that an appropriate financial planning, operation and reporting framework as well as an embedded risk management framework is established. Elements under this combined framework include Business Plan, budget, financial statements, divisional strategic/performance review reports and risk management reports.

3. Formal Schedule of Matters Reserved for the Board's Decision

The Board reserves full decision-making powers on the following matters:

- 3.1 Appointment of Board members, Chairman, MD/ CEO and Consultants;
- 3.2 Establishment of Board Committees, their membership and delegated authorities via terms of reference;
- 3.3 Approval of interim dividend and recommendation of final dividend for shareholders approval;
- 3.4 Appointment of the internal and external auditors, tax agent, company secretary and lawyers;
- 3.5 Conflict of interest issues relating to a substantial shareholder or a Director including approving related party transactions;
- 3.6 Material acquisitions and disposition of assets not in the ordinary course of business including significant capital expenditures;
- 3.7 Strategic investments, mergers and acquisitions and corporate exercises;
- 3.8 Risk management policies;
- 3.9 Corporate strategic plans;
- 3.10 Budgets and Forecasts;
- 3.11 Review of operating performance; and
- 3.12 Review of the Financial Authority Approving Limits.

4. Board Processes/Procedures

Board Meetings shall be conducted in a business-like manner where all Directors are encouraged to share their views and partake in discussions.

4.1 Board Meeting and Frequency

- 4.1.1 The Board shall meet regularly, at least on a Monthly/Bi-Monthly basis. Special Board meetings shall be held in addition to the Monthly/Bi-Monthly meetings as and when required. Prior notice of meetings will be given to all who are required to attend the meetings.

The quorum for Board meetings shall be two (2).

- 4.1.2 The Chairman of the Board, or in his absence, a Director from amongst the Board members appointed shall preside as Chairman of the meeting.
- 4.1.3 Board members are required to attend the Board meetings and the minimum attendance rate of an individual Director for meetings held in a financial year is at least 50%.
- 4.1.4 Other senior officers may be invited to attend for items within their responsibility. The Board may also invite external parties such as the auditors, solicitors and consultants as and when the need arises.

Additional formal business is dealt with as required, whether by physical, videoconferencing or telephonic meetings, as well other electronic meetings allowed under the laws or the Company's Constitution.

4.2 Agenda

- 4.2.1 The notice of a Directors' meeting shall be given in writing at least seven (7) days prior to the meeting except in the case of an emergency.
- 4.2.2 The agenda shall include, amongst others, matters specifically reserved for the Board's decision. The Board shall record its deliberation, in terms of the issues discussed, and the conclusions thereof in discharging its duties and responsibilities.

4.3 Meeting Papers

- 4.3.1 Board papers and agenda items are to be circulated at least five (5) days prior to the meeting.
- 4.3.2 The draft minutes shall be circulated within five (5) days after the meeting.
- 4.3.3 The final draft minutes shall be circulated together with the Board papers at the following Board meeting for adoption.
- 4.3.4 Directors are entitled to request for their opinion to be noted in the minutes for records purposes.

5. Provision of Business or Professional Services by Directors

- 5.1.1 Generally, Directors shall not provide business or professional services of an ongoing nature to the Company.
- 5.1.2 Notwithstanding the above general rule, the Company is at the liberty to:
 - Engage the services of any Director who having special expertise in a particular field for a special assignment; or
 - Engage the services of a party related to a Director.

So long as the terms of engagement are competitive, are clearly recorded and all legal requirements for disclosures of the engagements are properly observed.

6. Delegation to Committees

The Board may from time to time establish committees, as it considers necessary or appropriate to assist it in carrying out its responsibilities.

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.

7. Role of Chairman

The Chairman is responsible for providing leadership and instilling good corporate governance and effectiveness of the Board.

Key responsibilities of the Chairman include:

- 7.1 Set the Board agenda and ensure that Board members receive complete and accurate information in a timely manner;
- 7.2 Lead Board meetings and discussions;
- 7.3 Encourage active participation and allow dissenting views to be freely expressed;
- 7.4 Manage the interface between Board and Management;
- 7.5 Ensure appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole;
- 7.6 Lead the Board in establishing and monitoring good corporate governance practices in the Company;
- 7.7 Ensure the integrity of the governance process and issues and other responsibilities assigned by the Board from time to time;
- 7.8 Representing the Board to stakeholders and chairing general meeting of shareholders. This includes he will use this as an opportunity to inform shareholders of the Company's affair

including its performance and to summarise and unify thoughts and ideas and in control of the meeting;

- 7.9 Maintaining regular dialogue with the Management over all operational matters and consulting with the remainder of the Board promptly over any matters that gives him/her cause for major concern;
- 7.10 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; and
- 7.11 Ensuring that all Directors are enabled and encouraged to participate in its activities and allow dissenting views to be freely expressed. This includes ensuring that all relevant issues are on the agenda and that all Directors receive timely, relevant information and that they are properly briefed on issues arising at Board meetings.

8. Role of Independent Directors

Independent Directors are those who have no direct or indirect pecuniary interest in the Company other than the remuneration for their services as members of the Board of Directors;

The role of Independent Directors is to constructively challenge and help develop proposals on strategy include, inter alia:

- 8.1 To make independent assessment of the information, reports or statements, having regard to the Directors' knowledge, experience and competence, to provide independent view and demonstrate objectivity in reviewing and challenging the Management's proposals at meetings;
- 8.2 To devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes, so as to keep abreast of industry issues, market development and trend, and enable them to sustain their active participation in Board deliberations; and
- 8.3 Act as a channel of communication between Management, shareholders and other stakeholders, and provide the relevant checks and balances, focusing on shareholders' and other stakeholders' interests and ensuring that high standards of corporate governance are applied.

Those statutory responsibilities and accountabilities applicable to Independent Directors of a public listed company shall not be imposed on Independent Directors of the Company due to its nature as a private legal entity.

9. Directors' External Commitments and Conflict of Interest

- 9.1 Directors who are in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare his interest. The Directors concerned shall not participate in deliberations and shall abstain himself from casting his votes in any matter arising thereof.
- 9.2 Shall there be an actual, potential or perceived conflict of interest between the Company or a related corporation and a Director, or an associate of a Director such as a spouse or other family members, or a related Company, the Director involved shall make full disclosure and act honestly in the best interest of the Company.
- 9.3 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 with due honesty.

10. Directors' Training

The Company shall arrange and pay for the fees for Directors to attend relevant training courses or seminars at periodic intervals to keep themselves updated on developments pertaining to the oversight function of Directors as well as technical matters.

11. Indemnities and Insurance

The Company shall make all reasonable effort to provide Directors with, and will pay the premiums for, the full indemnity and insurance coverage while acting in their capacities as Directors.

12. Composition of the Board

The Board shall be of a size and composition with the benefit of diversity in perspectives, competencies, extensive experience, knowledge and skills to understand properly and deal with the current and emerging issues of the business of the Company.

13. Board-Management Relationship

Management is referring as the whole team consists of the MD/ CEO and all staff under the supervision and leadership of the MD/ CEO.

13.1 Role of the CEO

- 13.1.1 The Board will link the Company's governance and management functions through the MD/ CEO.
- 13.1.2 All Board authority conferred on Management is delegated through the MD/ CEO so that the authority and accountability of Management is considered to be the authority and accountability of the MD/ CEO so far as the Board is concerned.
- 13.1.3 The MD/ CEO is responsible to the Board, among others: -
 - Executive management of the Company's Business covering, inter alia, the development of a strategic plan; annual operating plan and budget; performance benchmarks to gauge management performance and the analysis of management reports;
 - Assures the Company's corporate identity, products and services are of high standards and are reflective of the market environment;
 - Ensures that the Company's Financial Reports present a true and fair view of the Company's financial condition and operational results and are in accordance with the relevant accounting standards;
 - Set, review and ensure compliance with the Company's mission, vision and core value;
 - Responsible for regulatory, governmental and business relationships;
 - Ensures compliance with governmental procedures and regulations;
 - Assists the Chairman in organizing information necessary for the Board to deal with the agenda and for providing this information to Directors on a timely basis;
 - Directing and controlling all aspects of the business operations in a cost-effective manner;
 - Identifying the principal risks identified and ensuring the implementation of appropriate systems to manage those risks;
 - Implementing appropriate framework for internal controls and risk management;
 - Effectively oversee the human resources of the Company with respect to key positions in the Company's hierarchy;
 - Coordinates business plans with the business heads, oversees functional departments or business divisions and implement cost containment measurements in consultation with the Chief Finance Officer/ Finance Director (or its equivalent);
 - Maintains and facilitates a positive working environment and good employee relations;
 - Develop long-term strategic and short-term profit plans; and
 - Develop and implement succession plans.

Decisions of the Board shall be conveyed through the Chairman in order to be binding on the MD/ CEO.

13.2 Accountability of MD/ CEO

The MD/ CEO is accountable to the Board for the achievement of the Company's Goals and are also accountable for the observance of the Management Limitations.

13.3 Management Limitations

- 13.3.1 The MD/ CEO is expected to act within all specific authorities delegated to him by the Board.
- 13.3.2 The MD/CEO is expected not to cause or permit any practice, activity or decision that is

- contrary to commonly accepted good business practice or professional ethics.
- 13.3.3 In allocating the capital and resources of the Company, the MD/ CEO is expected to adhere to the Company Goals.
 - 13.3.4 The MD/ CEO 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.
 - 13.3.5 The MD/ CEO is expected not to cause or permit any action that is likely to result in the Company becoming financially embarrassed.
 - 13.3.6 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.
 - 13.3.7 The MD/ CEO 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.
 - 13.3.8 The MD/ CEO 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.

14. Revision and Updates

This Charter and all Board Committee Charters and Policies shall be periodically reviewed and amended by the Board as it deems appropriate.

This policy statement on the Board Charter is approved by the Board of Directors of **JATI TINGGI GROUP BERHAD** effective from **10 OCTOBER 2022**.