

JAKS RESOURCES BERHAD

POLICY STATEMENT

ON

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;

“MD & CEO” means the managing director & chief executive officer of the Company;

“Chairman” means the chairman of the Board and is used in a gender neutral sense;

“Company” means JAKS Resources Berhad;

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

“Group” means the companies within the JAKS Resources 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;

“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 highly efficient and profitable investment holding company which are major investment on supply of water related products and building materials and contracting works through the following core values:-

- To commit to excel in every aspect of our operation in pursuit of total customer satisfaction in our products and services;
- To endeavor to create a challenging and rewarding career environment encouraging our employees to realize their optimum potential;
- To develop and establish a reliable and mutually beneficial relationship with our business partners and associates; and
- To strive to be a caring and responsible corporate citizen and assure equitable return to our Shareholders.

2.1.2 The capital and resources of the Company will be allocated to those assets and activities, which will enable it to achieve the Company Goals in a manner best serving the interests of the Shareholders as a whole.

Part 3 Board Governance Process

3.1 Role of the Board

3.1.1 The role of the Board is to effectively represent, and promote the interests of, the Shareholders with a view to adding long-term value to the Company's shares.

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:

- ensuring that the Company Goals are clearly established, and that strategies are in place for achieving them;
- establishing policies for strengthening the performance of the Company including ensuring that Management is proactively seeking to build the Business through innovation, initiative, technology, new products and the development of its business capital;
- monitoring the performance of Management;
- appointing the MD & CEO, setting the terms of the MD & CEO's employment contract and, where necessary, terminating the MD & CEO's employment with the Company;

JAKS RESOURCES BERHAD

Registration No. 200201017985 (585648-T)

Board Charter [Cont'd]

- deciding on whatever steps are necessary to protect the Company's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken;
- ensuring that the Company's financial statements are true and fair and conform with law;
- ensuring that the Company adheres to high standards of ethics and corporate behaviour; and
- ensuring that the Company has appropriate risk management/regulatory compliances policies in place.

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 MD & CEO.

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

3.2 The Board's Relationship with Shareholders

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.

3.3 Board Procedures

3.3.1 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.

3.3.2 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.

JAKS RESOURCES BERHAD

Registration No. 200201017985 (585648-T)

Board Charter [Cont'd]

- 3.3.3 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.
- 3.3.4 Executive Directors attend Board meetings to discharge their Board responsibilities. At Board meetings, Board responsibilities supersede all executive responsibilities.
- 3.3.5 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 MD & CEO and the Secretary will set the agenda.
- 3.3.6 The Board will normally hold meetings at least four times in each financial year and will hold additional meetings as the situation requires.
- 3.3.7 Directors are entitled to have access, at all reasonable times, to all relevant company information and to Management.
- 3.3.8 Directors are expected to strictly observe confidentiality of company information.
- 3.3.9 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.

3.4 Chairman

- 3.4.1 The Board will appoint a Chairman from among the Directors. In addition, the Board may also appoint a Deputy Chairman.
- 3.4.2 Both the Chairman and Deputy Chairman may be an executive or non-executive Director. The Deputy Chairman will deputise for the Chairman in his absence or at his request.
- 3.4.3 The Chairman is responsible for representing the Board to Shareholders.

JAKS RESOURCES BERHAD

Registration No. 200201017985 (585648-T)

Board Charter [Cont'd]

3.4.4 The Chairman is responsible for ensuring the integrity and effectiveness of the governance process of the Board as set out in this Part 3.

3.4.5 The Chairman is responsible for maintaining regular dialogue with the MD & CEO over all operational matters and will consult with the remainder of the Board promptly over any matter that gives him cause for major concern.

3.4.6 The Chairman will act as facilitator at meetings of the Board to ensure that no Directors, whether executive or non-executive, dominates discussion, that appropriate discussion takes place and that relevant opinion among Directors is forthcoming.

3.5 Board Committees

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

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

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

3.6 Board Composition

3.6.1 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.

3.6.2 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.

3.6.3 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 one third of the Board membership.

JAKS RESOURCES BERHAD

Registration No. 200201017985 (585648-T)

Board Charter [Cont'd]

- 3.6.4 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. Generally in addition to the requirement that one third of the Board should comprise of independent non-executive Directors, the Board should include a number of Directors which fairly reflects the investment in the Company by Shareholders other than the significant Shareholders.
- 3.6.5 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.
- 3.6.6 Directors shall retire from office at least once every three years but shall be eligible for re-election.
- 3.6.7 Only Executive Directors will be 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.
- 3.6.8 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.
- 3.6.9 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.

3.7 Provision of Business or Professional Services by Directors

- 3.7.1 Generally, Directors shall not provide business or professional services of an ongoing nature to the Company.
- 3.7.2 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.

3.8 Other Board Appointment

3.8.1 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.

3.9 Independent Professional Advice

3.9.1 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.

3.9.2 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.

3.9.3 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.

3.10 Board and Member Evaluations

3.10.1 The Board will, each year, critically evaluate its own performance.

3.10.2 Individual Director will be evaluated by a process whereby the Board determines questions to be asked of each Director about him or herself and about each other including the Chairman, and the responses are collected and collated by the Chairman who then discusses the results with each Director. The Chairman's own position is discussed with the Deputy Chairman and/or the rest of the Board.

3.11 Indemnities and Insurances

3.11.1 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.

3.12 The Secretary

3.12.1 The appointment and removal of the Secretary shall be a matter of the Board as a whole.

3.12.2 The Secretary is responsible for ensuring that Board procedures are followed, that the applicable rules and regulations for the conduct of the affairs of the Board are complied with and for all matters associated with the maintenance of the Board or otherwise required for its efficient operation.

- 3.12.3 All Directors, particularly the Chairman, have access to the advice and services of the Secretary for the purposes of the Board's affairs and the Business.

Part 4 Board-Management Relationship

4.1 Role of MD & CEO

- 4.1.1 The Board will link the Company's governance and management functions through the MD & CEO.
- 4.1.2 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.
- 4.1.3 The Board will agree with the MD & CEO to achieve specific results directed towards the Company Goals. This will usually take the form of an annual performance contract under which the MD & CEO is authorized to make any decision and take any action within the Management Limitations, directed at achieving the Company Goals.
- 4.1.4 The Chairman maintains an informal link between the Board and the MD & CEO and is available to the MD & CEO to provide counsel and advice where appropriate. The MD & CEO is expected to keep the Chairman and the Board informed on important matters.
- 4.1.5 Only decisions of the Board acting as a body are binding on the MD & CEO. Decisions or instructions of individual Directors, officers or committees are not binding except in those instances where specific authorization is given by the Board.

4.2 Accountability of MD & CEO to Board

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

4.3 Management Limitations

- 4.3.1 The MD & CEO is expected to act within all specific authorities delegated to him by the Board.
- 4.3.2 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.
- 4.3.3 In allocating the capital and resources of the Company, the MD & CEO is expected to adhere to the Company Goals.
- 4.3.4 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.
- 4.3.5 The MD & CEO is expected not to cause or permit any action that is likely to result in the Company becoming financially embarrassed.
- 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 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.
- 4.3.8 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.

4.4 Role of Chairman

- 4.4.1 The Chairman is principally responsible for the working of the Board which include: -
- Providing overall leadership to the Board, without limiting the principle of collective responsibility for Board decisions.
 - Participating in the selection of Board members and ensuring that the membership is properly balanced.

JAKS RESOURCES BERHAD

Registration No. 200201017985 (585648-T)

Board Charter [Cont'd]

- Setting agenda for Board meetings, usually in conjunction with the MD & CEO and Secretary. The Chairman should ensure that the agenda and all necessary background paper are given to Directors in sufficient time to enable the papers to be adequately considered before the meeting.
- Chairing meetings of the Board in such a manner that will stimulate debate on the issues before the Board and encourage the most effective contribution from each Director.
- Reviewing the minutes of meetings of the Board before meeting, to ensure they accurately reflect the Board's deliberations, and matters arising from the minutes and on which further action is required have been addressed.
- Monitoring and evaluating the individual performance of Directors and the Board as a whole.
- Ensure the Company provides an orientation and education program for new directors.
- Initiating, normally in conjunction with the MD & CEO, the formulation of a business plan to ensure that the Board establishes at the beginning of each year the goals it wishes to achieve and the means by which this will be carried out.
- Initiating the establishment of Board Committees and ensuring that they achieve their objectives.
- Fastening high corporate governance

4.4.2 The Chairman acts as an informal link between the Board and Management and particularly between the Board and the MD & CEO. No company is likely to run effectively and efficiently unless there is a good working relationship between the Chairman and the MD & CEO.

The Chairman, along with all other Directors, should recognize that the MD & CEO is the leader of the Company in all matters of Management and should not expect to become involved in the Company's day-to-day operations. It is the MD & CEO responsibility to report to the Board as a whole and not just to the Chairman.

The Chairman expects to be kept informed by the MD & CEO of all important matters and makes himself available to the MD & CEO –

- to be part of the control mechanism in ensuring that the MD & CEO's decisions are properly considered and sound;
- to give assistance and advice when needed especially on sensitive matters which the MD & CEO feels unable to discuss with other executives;

JAKS RESOURCES BERHAD

Registration No. 200201017985 (585648-T)

Board Charter [Cont'd]

- to ensure that the MD & CEO understands properly and performs his side of the relationship; and
- to oversee Management establishes adequate control mechanism to cover compliance responsibilities and risk management.

4.4.3 The Board communicates with Shareholders at Shareholders' meetings and through the distribution of its annual reports. The Chairman normally chairs these meetings where he will use this as an opportunity to inform Shareholders of the Company's affair including its performance.

This role calls for special skills and personal qualities that allow and encourage shareholders to have their say while remaining relevant to the matter at issue, and the Chairman must also have capability to summarize and unify thoughts and ideas and in control of the meeting.

4.4.4 The Chairman also lead the role in presenting the Company's cause, whether formally or informally, with the authorities, institutional or potential investors and those having influence on the environment in which the Company operates.

Part 5 Code of Business Conduct and Ethics

5.1 Conflict Of Interest

5.1.1 Directors must avoid any conflicts of interest between the director and the Company. Any situation that involves, or may reasonably be expected to involve, a conflict of interest with the Company, should be disclosed promptly to the Chairman of the Audit Committee.

5.1.2 A "conflict of interest" can occur when a director's personal interest is adverse to – or may appear to be adverse to – the interests of the Company as a whole. Conflicts of interest also arise when a director, or persons connected to him, receives improper personal benefits as a result of his or her position as a director of the Company.

5.1.3 This Code does not attempt to describe all possible conflicts of interest that could develop. Some of the more common conflicts from which directors must refrain, however, are set out below.

- Relationship of Company with third-parties
Directors may not engage in any conduct or activities that are inconsistent with the Company's best interests or that disrupt or impair the Company's relationship with any person or entity with which the Company has or proposes to enter into a business or contractual relationship.

JAKS RESOURCES BERHAD

Registration No. 200201017985 (585648-T)

Board Charter [Cont'd]

- Compensation from non-Company sources
Directors may not accept compensation (in any form) for services performed for the Company from any source other than the Company.
- Gifts
Directors and members of their families may not accept gifts from persons or entities who deal with the Company in those cases where any such gift is more than modest in value, or where acceptance of the gifts could create the appearance of a conflict of interest.
- Personal use of Company assets
Directors may not use Company assets, labor or information for personal use unless approved by the Chairman of the Audit Committee or as part of a compensation or expense reimbursement program available to all directors.

5.2 Corporate Opportunities

5.2.1 Directors are prohibited from:

- (a) taking for themselves personally opportunities related to the Company's business;
- (b) using the Company's property, information, or position for personal gain; or
- (c) competing with the Company for business opportunities, provided, however, if the Company's disinterested directors determine that the Company will not pursue an opportunity that relates to the Company's business, a director may do so.

5.3 Confidentiality

5.3.1 Directors should maintain the confidentiality of information entrusted to them by the Company and any other confidential information about the Company that comes to them, from whatever source, in their capacity as a director, except when disclosure is authorized or legally mandated. For purposes of this Code, "confidential information" includes all non-public information relating to the Company.

5.4 Compliance with laws, rules and regulations n dealing in Listed Securities

5.4.1 Directors shall comply, and oversee compliance by employees, officers and other directors, with laws, rules and regulations on dealing in listed securities of the Company. Such person must not deal in the listed securities of the Company as long as he is in possession of price-sensitive information relating to such listed securities.

5.5 Encouraging the reporting of any illegal or unethical behavior

5.5.1 Directors should promote ethical behavior and take steps to ensure the Company:

- (a) encourages employees to talk to supervisors, managers and other appropriate personnel when in doubt about the best course of action in a particular situation;
- (b) encourages employees to report violations of laws, rules, regulations or the Company's Code of Conduct to appropriate personnel; and
- (c) informs employees that the Company will not allow retaliation for reports made in good faith.

5.6 Compliance Procedures & Waivers

5.6.1 Directors should communicate any suspected violations of this Code promptly to the Chairman of the Audit Committee. Violations will be investigated by the Board or by a person or persons designated by the Board and appropriate action will be taken in the event of any violations of the Code.

5.6.2 The Audit Committee will consider any request for a waiver of the provisions of this Code. Waivers may only be granted by the Board or the Audit Committee after disclosure of all material facts by the director seeking the waiver. Waivers will only be granted in exceptional circumstances and will be disclosed promptly to shareholders.

Part 6 Abuse of Power

6.1 The abuse of authority/power is the improper use of a position of influence, power of authority by an individual towards other. The Board shall be aware of everyone in the Company is treated with dignity, is valued as a contributor and that abuse of power and gender discrimination are not tolerated.

6.2 The Directors shall report incidents of abuse of power, or if it has reason to believe abuse of power is occurring, to the Chairman or adhere to the Whistle Blower Policy.

Part 7 Money Laundering

- 7.1 The Board should be aware of the money laundering and financing of terrorism risk associated with all its business products and services and understand the anti-money laundering measures required by law, regulations, guidelines and the industry standards and best practices as well as the importance of implementing anti-money laundering measures to prevent it from being abused by money launderers and financiers of terrorism.

Part 8 Revision and Updates

This Board Charter will be reviewed annually for updates, if any. Any intervening changes or additions will be by way of circular and memos.

This policy statement on the Board Charter is approved and adopted by the Board of Directors of **JAKS Resources Berhad** effective from 25 November 2019.

Confirmed by

Chairman
Signed for & on behalf of the
Board of Directors of **JAKS Resources Berhad**