



DAYA MATERIALS BERHAD (636357-W)

## BOARD CHARTER

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## Definitions

Unless otherwise indicated, the following definitions apply throughout this Board Charter: -

<b>“AGM”</b>	:	Annual General Meeting
<b>“Board”</b>	:	Board of Directors
<b>“Bursa Securities”</b>	:	Bursa Malaysia Securities Berhad (635998-W)
<b>“CEO”</b>	:	Chief Executive Officer
<b>“DMB” or “the Company”</b>	:	Daya Materials Berhad (636357-W)
<b>“DMB Group” or “the Group”</b>	:	Daya Materials Berhad (636357-W) and its subsidiaries
<b>“EGM”</b>	:	Extraordinary General Meeting
<b>“ESOS”</b>	:	Employee Share Options Scheme
<b>“SC”</b>	:	Securities Commission
<b>“Listing Requirements”</b>	:	Listing Requirements of Bursa Securities for the Main Market
<b>“Management”</b>	:	Group CEO, Managing Director and Senior Management of the Group
<b>“MCCG”</b>	:	Malaysian Code on Corporate Governance

## **1.0 INTRODUCTION**

- 1.1 The Board of Directors (“the Board”) of DMB regard Corporate Governance as vitally important to the success of DMB and its group of companies’ (“the Group”) business and are unreservedly committed to ensuring that the following principles of good corporate governance are practiced in all of its business dealings in respect of its shareholders and relevant stakeholders:
- 1.2 The Board is the focal point of the Group’s Corporate Governance system. It is ultimately accountable and responsible for the performance and affairs of the Group.
- 1.3 All Board members are expected to act in a professional manner, thereby upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.
- 1.4 All Board members are responsible to the Group for achieving a high level of good governance.
- 1.5 This Board Charter shall constitute, and form, an integral part of each Director’s duties and responsibilities.

## **2.0 OBJECTIVES**

- 2.1 The objectives of this Board Charter are to ensure that all Board members acting on behalf of the Group are aware of their duties and responsibilities as Board members and the various legislations and regulations affecting their conduct and that the principles and practices of good Corporate Governance are applied in all their dealings in respect, and on behalf of, the Group.
- 2.2 In pursuit of the principles in this Board Charter, the intention is to exceed “minimum legal requirements” with due consideration to recognised standards of best practices locally and internationally.

## **3.0 THE BOARD**

### **3.1 Role and Responsibilities**

- 3.1.1 The Board is charged with leading and managing the Group in an effective and responsible manner. Each Director has a legal duty to act in the best interest of the Group. The Directors, collectively and individually, are aware of their responsibilities to shareholders and stakeholders for the manner in which the affairs of the Group are managed. The Board sets the Company’s values and standards and ensures that its obligations to its shareholders and stakeholders are understood and met.
- 3.1.2 The Board understands that the responsibility for good Corporate Governance rests with them and therefore strives to follow the principles and best practices stated in the MCCG. The Board includes a narrative statement in its Company’s Annual Report on the extent of compliance with the principles and best practice in Corporate Governance pursuant to Paragraph 15.25 of the Listing Requirements.
- 3.1.3 The Company complies with the various guidelines issued by Bursa Securities and the SC relating to disclosure and internal audit functions.

- 3.1.4 The Board meets in person at least once every quarter to facilitate the discharge of their responsibilities. Members of the Management who are not Directors may be invited to attend and speak at meetings on matters relating to their scope of responsibility.
- 3.1.5 Duties of the Board include establishing the corporate vision and mission, as well as the philosophy of the Group, setting the aims of the Management and monitoring the performance of the Management.
- 3.1.6 The Board assumes the following specific duties:
- Review and adopt a strategic plan for the Group;
  - Oversee the conduct of the Group's business to evaluate whether the business is being properly managed;
  - Identify principal risks and ensure the implementation of appropriate systems to manage these risks;
  - Implement succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management;
  - Develop and implement an investor relations program or shareholders communications policy for the Group; and
  - Review the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.
- 3.1.7 The Board has established written procedures determining which issues require a decision of the full Board and which issues can be delegated to the Board Committee or the Executive Committee ("EXCO"), which represents the Management.
- 3.1.8 The Board reserves full decision-making powers on the following matters:
- Conflict of interest issues relating to a substantial shareholder or a Director;
  - Material acquisitions and disposition of assets not in the ordinary course of business;
  - Investments in Capital projects;
  - Authority levels;
  - Treasury policies;
  - Risk management policies; and
  - Key human resource issues.
- 3.1.9 The Board has established a procedure whereby the Directors, collectively or individually, may seek independent professional advice in furtherance of their duties, at the Company's expense.

## **3.2 Composition and Board Balance**

- 3.2.1 The Board consists of qualified individuals with diverse experiences, backgrounds and perspectives. The composition and size of the Board is such that it facilitates the making of informed and critical decisions.
- 3.2.2 At any one time, at least two (2) or one-third (1/3), whichever is higher, of the Board members are Independent Directors.
- 3.2.3 Profiles of Board members are included in the Annual Report of the Company.

- 3.2.4 The CEO and the Executive Director(s) are the “Executive” Directors on the Board. However, the views of the Management are represented at meetings of the Board by the presence of senior executives when required.
- 3.2.5 Non-Executive Directors meet as a group at least once a year without Executive Directors present. There is a statement in the Annual Report on whether the Non-Executives Directors have met without the Executive Directors being present.
- 3.2.6 The Independent Directors provide independent judgment, experience and objectivity without being subordinated to operational considerations.
- 3.2.7 The Independent Directors help to ensure that the interests of all shareholders, and not only the interest of a particular fraction or group, are indeed taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board.
- 3.2.8 The views of the Independent Directors should carry significant weight in the Board’s decision-making process.
- 3.2.9 The Board may appoint a Senior Independent Director to whom shareholders’ concerns can be conveyed if there are reasons that contact through the normal channels of the Chairman or the CEO have failed to resolve them. The Senior Independent Director chairs the meetings between the Non-Executive Directors where both the Chairman and Executive Directors do not attend.
- 3.2.10 Tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, such Independent Director may continue to serve on the Board subject to his re-designation as a Non-Independent Director.

However, if the Board, based on the recommendation of the Nomination Committee, agrees that a particular Director’s independence is not impeded by the mere fact that he has served the Company in excess of the nine (9) cumulative years, the Board may seek the approval of the shareholders of the Company to retain the independent status of such a Director.

- 3.2.11 Any matter discussed at a Board meeting, any Director holds views contrary to those of any of the other Directors, the Board minutes will clearly reflect this.

### **3.3 Appointments**

- 3.3.1 The appointment of a new Director is a matter for consideration and decision by the full Board upon appropriate recommendation from the Nomination Committee.
- 3.3.2 New Directors are expected to have such expertise so as to qualify them to make a positive contribution to the Board’s performance of its duties and to give sufficient time and attention to the affairs of the Company.
- 3.3.3 The Company Secretary has the responsibility of ensuring that relevant procedures relating to the appointments of new Directors are properly executed.

3.3.4 Upon the appointment of a new Director, the Company Secretary advises the Director of his/her principal duties and responsibilities and explains the restrictions to which he or she is subject to in relation to price-sensitive information and dealings in the Company's securities. Thereafter, all Directors are provided with appropriate briefings on the Company's affairs and up-to-date Corporate Governance materials published by the relevant bodies.

3.3.5 The Company has adopted an induction programme for newly appointed Directors. The Induction programme aims at communicating to the newly appointed Directors, the Company's vision and mission, its philosophy and nature of business, current issues within the Company, the corporate strategy and the expectations of the Company concerning input from Directors. The Nomination Committee is primarily responsible for the induction programme with appropriate assistance from other senior Executive Directors.

The Company shall establish a policy formalising its approach to boardroom diversity and to disclose in the Annual Report the gender diversity policies, targets and measures taken to meet those targets. The Board through the Nomination Committee will take the necessary steps to ensure that women candidates are sought as part of its recruitment exercise.

3.3.6 In addition to the Mandatory Accredited Programme (MAP) as required by the Bursa Securities, Board members are also encouraged to attend training programmes conducted by highly competent professionals, which are relevant to the Group's operations and business. The Board will assess the training needs of the Directors and disclose in the Annual Report the trainings attended by the Directors.

3.3.7 The directorships held by any Board member at any one time shall not exceed five (5) in listed companies.

### **3.4 Re-election**

3.4.1 All Directors are subject to retirement by rotation.

3.4.2 One-third (1/3) or the number nearest to one-third (1/3) of the Directors shall retire from office and be eligible for re-election at the Annual General Meeting.

3.4.3 Each Director shall retire from office at least once in every three (3) years and the Directors to retire each year are the Directors who have been longest in office since their last re-election.

### **3.5 Supply of Information**

3.5.1 The Company aims to provide all Directors with timely and quality information and in a form and manner appropriate for them to discharge their duties effectively.

3.5.2 The Management is responsible for providing the Board with the required information in an appropriate and timely manner. The Chairman, assisted by the Company Secretary, assesses the type of information required to be provided to the Board. If the information provided by the Management is insufficient, the Board will make further enquiries where necessary to which the persons responsible will respond as fully and promptly as possible.

- 3.5.3 A full agenda and comprehensive Board papers are circulated to all Directors well in advance of each Board meeting.
- 3.5.4 Amongst others, the Board papers include the following:
- a) Quarterly financial report and analytical review on the Group's quarterly results;
  - b) Minutes of meetings of all Committees of the Board;
  - c) A current review of the operations and future prospects of the Group;
  - d) Reports on Related Party Transactions and Recurrent Related Party Transactions;
  - e) Directors' share-dealings;
  - f) Reports from Internal and External Auditors
  - g) Annual operational and capital budgets
- 3.5.5 Full Board minutes of each Board meeting are kept by the Company Secretary and are available for inspection by any Director during normal office hours.

#### **4.0 CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

The Company aims to ensure a balance of power and authority between the Chairman and the CEO with a clear division of responsibility between the running of the Board and the Group's business respectively. The positions of Chairman (i.e. Non-Executive Chairman) and CEO are separated and clearly defined.

#### **4.1 Chairman**

- 4.1.1 The Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of the Board's role. The Chairman is responsible for:
- a) Leading the Board in setting the values and standards of the Company and the Group;
  - b) Maintaining a relationship of trust with and between the Executive and Non- Executive Directors;
  - c) Ensuring the provision of accurate, timely and clear information to Directors;
  - d) Ensuring effective communication with shareholders and relevant stakeholders;
  - e) Arranging regular evaluation of the performance of the Board and its Committee and Individual Directors;
  - f) Facilitating the effective contribution of Non-Executive Directors and ensuring constructive relations be maintained between Executive and Non-Executive Directors.
- 4.1.2 The Chairman, in consultation with the CEO and the Company Secretary, sets the agenda for Board meetings and ensures that all relevant issues are on the agenda.
- 4.1.3 The Chairman is responsible for managing the business of the Board to ensure that:
- a) All Directors are properly briefed on issues arising at Board meetings;
  - b) Sufficient time is allowed for the discussion of complex or contentious issues and, where appropriate, arranging for informal meetings beforehand to enable thorough preparation for Board discussion; and
  - c) The issues discussed are forward looking and concentrate on strategy.
- 4.1.4 The Chairman ensures that every Board resolution is put to vote to ensure the will of the majority prevails.
- 4.1.5 The Chairman ensures that Executive Directors look beyond their executive functions and accept their full share of responsibilities on governance.



- 4.1.6 The Chairman will have no casting vote if two (2) Directors form quorum, or if there are only two (2) Directors competent to vote on the question at issue.

## 4.2 Chief Executive Officer

- 4.2.1 The CEO is the conduit between the Board and the Management in ensuring the success of the Company's governance and management functions.
- 4.2.2 The CEO has the executive responsibility for the day-to-day operation of the Group's business.
- 4.2.3 The CEO implements the policies, strategies and decisions adopted by the Board.
- 4.2.4 All Board authorities conferred on the Management is delegated through the CEO and this will be considered as the CEO's authority and accountability as far as the Board is concerned.

## 5.0 BOARD COMMITTEES

The Board appoints the following Board Committees with specific terms of reference:

- Audit Committee
- Nomination Committee
- Remuneration Committee

Independent and Non-Executive Directors play a leading role in these Committees. The Management and third parties are co-opted to the Committees as and when required. Details of the membership and a summary of the terms of reference of each Committee appointed by the Board are published in the Annual Report.

### 5.1 Audit Committee

#### 5.1.1 Composition of Audit Committee

The Audit Committee shall be appointed by the Board from amongst the Directors and shall consist of not less than three (3) members, where all the members must be non- executive directors with a majority of whom shall be Independent Non-Executive Directors.

The Board shall, within three (3) months of a vacancy occurring in the Committee which results in the number of members reduced to below three (3), appoint such number of new members as may be required to make up the minimum number of three (3) members.

The members of the Audit Committee shall elect a Chairman from among their members who shall be an Independent Non-Executive Director. An alternate Director must not be appointed as a member of the Committee.

The members of the Committee must fulfil such other requirements as prescribed or approved by Bursa Securities.

#### 5.1.2 Membership

At least one member of the Audit Committee:

- a) Must be a member of the Malaysian Institute of Accountants; or
- b) If not a member of the Malaysian Institute of Accountants, that member must have at least three (3) years' working experience and must have passed the examinations specified in part I of the 1st Schedule of the Accountants Act, 1967; or must be a member of one of the associations of the accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
- c) Must have a degree/masters/doctorate in accounting or finance and at least three (3) years' post qualification in accounting or finance; or
- d) Must have a least seven (7) years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.

#### 5.1.3 Authority

The Audit Committee is authorised by the Board to investigate any activity of the Company and its subsidiaries within its terms of reference or as otherwise directed by the Board. It shall have:

- a) The authority to investigate any matter within its terms of reference;
- b) The resources which are required to perform its duties;
- c) Full and unrestricted access to any information pertaining to the Group;
- d) Direct communication channels with the external auditors and the internal auditors;
- e) The right to obtain independent professional or other advice;
- f) The right to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

The Audit Committee is also authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary and reasonable for the performance of its duties.

The Board shall review the performance of the Audit Committee once in every three (3) years.

#### 5.1.4 Meeting and Minutes

The Audit Committee shall meet at least four (4) times a year and such additional meetings as the Chairman shall decide in order to fulfil its duties.

In addition to the Audit Committee members, the meetings will normally be attended by a representative of the departments in the Company, the Chief Financial Officer and by the external and internal auditors as and when required.

The Audit Committee may invite any person to be in attendance to assist it in its deliberations. A quorum shall consist of a majority of Independent Non-Executive Directors and shall not be less than two.

The decision of the Audit Committee shall be decided by a majority of votes. In the case of an equality of votes, the Chairman shall have a second or casting vote, provided that where two (2) members form a quorum, or at which only two (2) Directors are competent to vote on the question in issue, the Chairman shall not have a casting vote.

The Audit Committee shall be reporting to the full Board from time to time its recommendations for consideration and implementation. However, the actual decisions shall be the responsibility of the Board after considering the recommendations of the Audit Committee.

The Company Secretary shall act as Secretary of the Audit Committee and shall be responsible for drawing up the agenda with the concurrence of the Chairman and circulating it, supported by explanatory documentation to the Audit Committee members prior to each meeting.

The Secretary shall also be responsible for recording the proceedings of the Audit Committee.

#### 5.1.5 Functions

The functions of the Audit Committee include the following:

- a) To review the quarterly results and the year-end financial statements, prior approval by the Board, focusing particularly on:
  - Changes in or implementation of accounting policies and practices;
  - Significant adjustments or unusual events;
  - Going concern assumption; and
  - Compliance with applicable approved financial reporting standards, regulatory and other legal requirements;
- b) To review with the external auditor, the audit scope and plan, including any changes to the planned scope of the audit plan, and to discuss to ensure co-ordination where more than one audit firm is involved;
- c) To review with the external auditor, the results of the interim and final audits and the Management's response thereto, including the status of previous audit recommendations;
- d) To review the assistance given by the Company's employees to the auditors, and any difficulties encountered in the course of audit work, including any restrictions on the scope of activities or access to required information (in the absence of management where necessary);
- e) To review the appointment and performance of external auditor, the audit fee and any question of resignation or dismissal before making recommendations to the Board;
- f) To review with the external auditor and its evaluations of the system of internal controls;
- g) To assess the suitability and independence of external auditors;
- h) To review the adequacy of the internal audit scope, functions, authority, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
- i) To review the internal audit programme, processes and reports to evaluate the findings of the internal audit function and to ensure that appropriate and prompt remedial action is taken by Management on the recommendations of the internal audit function;
- j) To review any appraisal or assessment of the performance of the internal audit function;
- k) To approve any appointment or termination of the internal audit function;
- l) Take note of resignations of the internal audit function and provide an opportunity to submit reasons for resignation;

- m) To consider any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- n) To verify the allocation of Employees' Share Option Scheme ("ESOS") in compliance with criteria as stipulated in the By-laws of ESOS of the Company, if any;
- o) To direct and, where appropriate, supervise any special projects or investigation considered necessary, and review investigation reports on any major defalcations, frauds and thefts; and
- p) Such other responsibilities as may be agreed to by the Audit Committee and the Board.

## 5.2 Nomination Committee

### 5.2.1 Composition

The Nomination Committee comprises exclusively of Non-Executive Directors and a majority of the Committee members are appointed from the Independent Directors.

### 5.2.2 Quorum

Two (2) members shall form a quorum for meetings.

### 5.2.3 Chairman

The members of the Committee shall elect a Chairman from among their members who shall be a Senior Independent Director identified by the Board.

### 5.2.4 Secretary

The Secretary to the Nomination Committee shall be the Company Secretary.

### 5.2.5 Meeting and Minutes

- a) The Nomination Committee shall meet at least once a year or at such other times as the Chairman of the Committee deems necessary.
- b) Minutes of each meeting shall be distributed to each member of the Board.
- c) Questions arising shall be decided by a majority of votes. In the case of an equality of votes, the Chairman of the meeting shall have a second or casting vote provided that where two (2) members form a quorum, the Chairman of the meeting at which only such a quorum is present, or at which only two (2) members are competent to vote on the question at issue, shall not have a casting vote.

### 5.2.6 Functions

- a) To review regularly the Board structure, size and composition and make recommendations to the Board with regards to any adjustments that are deemed necessary.
- b) To propose and identify new nominees for appointment to the Board of Directors.
- c) To assess Directors on an on-going basis, the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director as well as the CEO

- d) To recommend to the Board, candidates for all directorships to be filled by the shareholders or the Board and to take necessary steps to ensure that women candidates are sought as part of its recruitment exercise. The nomination and election process of board members should be disclosed in the Annual Report.
- e) To recommend to the Board, Directors to fill the seats on Board Committees.
- f) To review annually the Board's mix of skills and experience and other qualities including core competencies which non-executive Directors should bring to the Board.
- g) To determine annually whether or not a Director is Executive, Non-Executive or Independent.
- h) To develop the criteria to assess independence of the Independent Directors of the Company.
- i) To recommend to the Board for continuation (or not) in service of Executive Director(s) and Directors who are due for retirement by rotation.
- j) To consider, in making its recommendations, candidates for directorships proposed by the CEO and, within the bounds of practicability, by any other senior executive or any Director or shareholder.
- k) To orientate and educate new Directors on the nature of the business, current issues within the Group and the corporate strategy, the expectations of the Group concerning input from the Directors and the general responsibilities of Directors.

#### 5.2.7 Reporting Procedures

- a) The actual decision as to who shall be appointed to the Board shall be the responsibility of the full Board after considering the recommendation of the Committee.
- b) The Nomination Committee should report to the full Board for its consideration and implementation. A statement about the activities of the Nomination Committee in discharge of its duties for the financial year should be disclosed in the Annual Report.
- c) The Board should apply those criteria developed by the Nomination Committee to assess the independence of the Independent Director upon admission, annually and when any new interest or relationship develops. The Board should disclose that it has conducted such assessment in the Annual Report and in any notice convening a General Meeting for the appointment and re-appointment of Independent Directors.

### 5.3 **Remuneration Committee**

#### 5.3.1 Composition

The Remuneration Committee comprises Non-Executive Directors and a majority of the Committee members are appointed from amongst the Independent Non-Executive Directors.

#### 5.3.2 Quorum

Two (2) members shall form a quorum of meetings.

#### 5.3.3 Chairman

The members of the Committee shall elect a Chairman from among their members who shall be an Independent Non-Executive Director. In the absence of the Chairman of the Remuneration Committee, the remaining members present shall elect one of their members as Chairman of the meeting.

#### 5.3.4 Secretary

The Secretary to the Remuneration Committee shall be the Company Secretary.

#### 5.3.5 Meetings and Minutes

- a) The Remuneration Committee shall meet at least once a year or at such other times as the Chairman of the Committee deems necessary.
- b) Minutes of each meeting shall be distributed to each member of the Board.
- c) Questions arising shall be decided by a majority of votes and determination by a majority of members shall for all purposes be deemed a determination of the Remuneration Committee.
- d) In the case of an equality of votes, the Chairman of the meeting shall have a second or casting vote provided that where two (2) members form a quorum, the Chairman of the meeting at which only such a quorum is present, or at which only two (2) members are competent to vote on the question at issue, shall not have a casting vote.

#### 5.3.6 Functions

- a) To recommend to the Board the framework of Executive Directors' remuneration and the remuneration package for each Executive Director, drawing from outside advice as necessary.
- b) To recommend to the Board, guidelines for determining remuneration of Non- Executive Directors.
- c) To recommend to the Board any performance related pay schemes for Executive Directors.
- d) To review Executive Directors' scope of service contracts.
- e) To consider the appointment of the service of such advisers or consultants as it deems necessary to fulfill its functions.

#### 5.3.7 Reporting Procedures

- a) The remuneration of Directors shall be the ultimate responsibility of the full Board after considering the recommendation of the Remuneration Committee.
- b) Executive Directors do not participate in discussions on their own remuneration.
- c) The determination of remuneration packages of Non-Executive Directors is needed to run the Group successfully. The component parts of remuneration should be structured so as to link rewards to corporate and individual performance, in the case of Executive Directors. The level of remuneration should reflect the experience and responsibilities undertaken by the particular Non-Executive Director concerned.
- d) Memberships of the Remuneration Committee should appear in the Annual Report.

### **6.0 REMUNERATION LEVELS OF DIRECTORS**

- 6.1 The Company aims to set remuneration at levels which are sufficient to attract and retain the Directors needed to run the Company successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved, but without paying more than is necessary to achieve this goal.

- 6.2 The level of remuneration for the CEO and Executive Directors is determined by the Remuneration Committee after giving due consideration to compensation levels for comparable positions among other similar Malaysian public listed companies.
- 6.3 Non-Executive Directors are entitled to participate in the Company's ESOS subject to approval at a General Meeting. Non-Executive Directors who participated in the ESOS are prohibited to sell, transfer or assign the shares within one (1) year from the date of offer of such options.
- 6.4 No Director other than CEO and Executive Directors shall have a service contract with the Company.
- 6.5 A formal independent review of the Directors' remuneration is undertaken no less than once every three (3) years.
- 6.6 There is adequate disclosure in the Annual Report with a note on the remuneration of Directors, Board remuneration policies and procedures.

## **7.0 FINANCIAL REPORTING**

### **7.1 Transparency**

- 7.1.1 The Company aims to present a clear and balanced assessment of the Group's financial positions and future prospect that extends to the interim and price-sensitive information and other relevant reports submitted to regulators.
- 7.1.2 The Directors ensure that the financial statements are prepared so as to give a true, accurate and fair view of the current financial status of the Company and the Group in accordance with the approved accounting standards.
- 7.1.3 The Group's practice is to announce to Bursa Securities its quarterly financial results as early as possible within two (2) months after the end of each quarterly financial period.
- 7.1.4 The Auditors Report shall contain a statement from the Auditors explaining their responsibility informing an independent opinion, based on their audit, of the financial statements.

### **7.2 Company Auditors**

- 7.2.1 The Board has established formal and transparent arrangements for considering how financial reporting and internal control principles will be applied and for maintaining an appropriate relationship with the Company Auditors through its Audit Committee.
- 7.2.2 The Audit Committee also keeps under review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the Company Auditors. The Company ensures that the Company Auditors do not supply a substantial volume of non-audit services to the Company. The Audit Committee shall obtain written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

7.2.3 Appointment of the Company Auditors is subject to approval of shareholders at General Meetings. The Company Auditors have to retire during the AGM every year and be re-appointed by shareholders for the ensuing year.

### **7.3 Internal Controls and Risk Management**

7.3.1 The Company has a well-resourced internal audit function, which critically reviews all aspects of the Group's activities and its internal controls. Comprehensive audits of the practices, procedures, expenditure and internal controls of all business and support units and subsidiaries are undertaken on a regular basis. The Head of Internal Audit reports directly to the Audit Committee.

7.3.2 The Board ensures the system of internal controls is reviewed on a regular basis and the main features of the Company's risk management framework and internal controls system are disclosed in the Annual Report.

7.3.3 The Audit Committee receives support regarding the outcome of such reviews on a regular basis.

7.3.4 The CEO / Managing Director and Chief Financial Officer are to provide an assurance to the Board annually on whether the Company's risk management and internal control system is operating adequately and effectively in all material aspects.

## **8.0 GENERAL MEETINGS**

### **8.1 AGM**

8.1.1 The Company regards the AGM as an important event in the corporate calendar of which all Directors and key senior executives should attend.

8.1.2 The Company regards the AGM as the principal forum for dialogue with shareholders and aims to ensure that the AGM provides an important opportunity for effective communication with, and constructive feedback from, the Company's shareholders.

8.1.3 The Chairman encourages active participation by the shareholders during the AGM. The Company would conduct poll voting if demanded by shareholders at the AGM.

8.1.4 The Chairman and, where appropriate, the CEO responds to shareholders' queries during the meeting. Where necessary, the Chairman will undertake to provide a written answer to any significant question that cannot be readily answered at the meeting.

### **8.2 Extraordinary General Meeting**

The Directors will consider requisitions by shareholders to convene an EGM or any other urgent matters requiring immediate attention of the Company.



## **9.0 INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION**

- 9.1 The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Company and as such adopts an open and transparent policy in respect of its relationship with its shareholders and investors.
- 9.2 The Board ensures the timely release of financial results on a quarterly basis to provide shareholders with an overview of the Group's performance and operations in addition to the various announcements made during the year.
- 9.3 The Company conducts dialogues with financial analysts from time to time as a means of effective communication that enables the Board and Management to convey information relating to the Group's performance, corporate strategy and other matters affecting shareholders' interest.
- 9.4 The Company's website provides easy access to corporate information pertaining to the Group and its activities and is continuously updated.

## **10.0 RELATIONSHIP WITH OTHERS STAKEHOLDERS**

In the course of pursuing the vision and mission of the Group, the Board recognizes that no company can exist by maximizing shareholders value alone. In this regard, the needs and interests of other stakeholders are also taken into consideration.

### **10.1 Employees**

- 10.1.1 The Board acknowledges that the employees are invaluable resources of the Group and play a vital role in achieving the vision and mission of the Group.
- 10.1.2 The Group adopts comprehensive and documented policies and procedures with respect to the following:
- a) Occupational safety and health with the objective of providing a safe and healthy working environment for an employees; and
  - b) Industrial relations with objective of managing employees' welfare and well-being in the workplace.

### **10.2 Environment**

- 10.2.1 The Board acknowledges the need to safeguard and minimize the impact to the environment in the course of achieving the Group's vision and mission.
- 10.2.2 The Group adopts comprehensive and documented policies and procedures as part of its commitment to protect the environment and contribute towards sustainable development.
- 10.2.3 The Group supports initiatives on environmental issues.

### **10.3 Social Responsibility**

- 10.3.1 The Board acknowledges that the Group should play a vital role in contributing towards the welfare of the community in which it operates.
- 10.3.2 The Group adopts comprehensive and documented policies and procedures towards responsible marketing and advertising of its products and services.
- 10.3.3 The Group supports charitable causes and initiatives on community development projects.

### **11.0 COMPANY SECRETARY**

- 11.1 The Board appoints the Company Secretary, who plays an important advisory role, and ensures that the Company Secretary fulfils the functions for which he/she had been appointed.
- 11.2 The Company Secretary is accountable to the Board through the Chairman of the Board and Committees on all governance and compliance matters.
- 11.3 The Company Secretary is a central source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company and the Group.
- 11.4 The Company Secretary should advise Directors of their obligations to adhere to matters relating to:
  - a) Disclosure of interest in securities.
  - b) Disclosure of any conflict of interest in a transaction involving the Group.
  - c) Prohibition on dealing in securities.
  - d) Restrictions on disclosure of price-sensitive information.
- 11.5 The Company Secretary must keep abreast of, and inform the Board current governance practices, changes in Listing Requirements and the relevant regulations.
- 11.6 The Board members have ultimate access to the professional advice and services of the Company Secretary.

### **12.0 APPLICATION**

- 12.1 The principles set out in this Board Charter are:
  - a) Kept under review and updated as practices on Corporate Governance development and further guidelines on Corporate Governance are issued by the relevant regulatory authorities;
  - b) Applied in practice having regard to their spirit and general principles; and
  - c) Summarised in the Annual Report as part of a narrative statement by the Directors on Corporate Governance.

- 12.2 The Board endeavours to comply at all time with the principles and practices set out in this Board Charter.
- 12.3 Any updates to the principles and practice set out in this Board Charter will be made available on the Company' website.

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This Board Charter was approved by the Board of Directors of Daya Materials Berhad on **24<sup>th</sup> November 2015** and signed off by the Executive Committee of the Daya Materials Berhad.

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Nathan Tham Jooi Loon  
Executive Vice Chairman  
Daya Materials Berhad

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Datuk Lim Thean Shiang  
Group Chief Executive Officer  
Daya Materials Berhad