



V.S. INDUSTRY BERHAD

BOARD CHARTER

1. INTRODUCTION

The Board of Directors of V.S. Industry Berhad (the “Company” or “VS”) support high standards of corporate governance and is committed to ensuring that good corporate governance are being practiced throughout the Group as a fundamental part of discharging its responsibilities to enhance shareholders’ value and financial performance of the Group.

2. PURPOSE

This Board Charter sets out the authority, role, function, composition and responsibilities of the Board to assist the Board members to be aware of their duties and responsibilities.

3. AUTHORITY

The Board derives its authority to act from the Constitutions of the Company and the laws and regulations governing companies in Malaysia.

4. BOARD COMPOSITION, APPOINTMENT AND RE-ELECTION

The Constitutions of the Company provide for a minimum of two (2) directors and a maximum of fifteen (15) directors. The Board should comprise qualified individual with diverse set of skills, experience and knowledge necessary to govern the Company. On an annual basis, the Board reviews the composition in terms of size, the balance between executive, non-executive and independent directors and mix of skills.

The Board considers the appointment of new director upon the recommendation from the Nomination Committee. In making these recommendations, the Nomination Committee will consider the skills, knowledge, expertise and experience, professionalism, integrity and in the case for the position of independent non-executive directors, their ability to discharge such responsibilities/functions as expected from independent non-executive directors.

The Board has not established any gender diversity policy but currently has a female Director on the Board. The Board affirmed that in the event of any Board vacancy in future, gender diversity shall be one of the criteria to be considered by the Nomination Committee during their evaluation and selection process.

The Company’s Constitutions provides that at least one-third of the Board is subject to retirement by rotation at each Annual General Meeting. The Directors to retire at each year are the Directors who have been longest in office since their appointment or re-election. All Directors shall retire from office at least once in every three years but shall be eligible for re-election. The Constitutions also provides that a Director who is appointed by the Board in the course of the year shall be subject to re-election at the next Annual General Meeting to be held following his appointment.

5. INDEPENDENCE OF DIRECTOR

In compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, at least two (2) directors or one-third of the Board, whichever is higher, to be Independent Directors.

An Independent Non-Executive Director is independent of management and free from any relationship which could interfere with the exercise of independent opinion and the ability to act in the best interests of the Group.

The Board assesses the independence of the Directors annually by having regard to the criteria adopted for assessing the independence of Directors. The Board would apply these criteria upon admission, annually and when any new interest or relationship develops.

6. TENURE OF INDEPENDENT DIRECTOR

In accordance with the Malaysian Code on Corporate Governance 2017, the tenure of an independent director shall not exceed a cumulative of 9 years, unless it is recommended by the Nomination Committee and is satisfied that he or she is able to continue to bring independent and objective judgment to the Board deliberations and his or her position in the Board has not been compromised by his or her familiarity and long relationship with other Board members and such continuation shall be subject to shareholders' approval at the Company's Annual General Meeting.

In the event the Board continues to retain the Independent Director after the twelfth year, annual shareholders' approval must be sought through a two-tier voting process to retain the said Director as an Independent Director.

7. NEW DIRECTORSHIPS

All the Board members shall notify the Chairman of the Board before accepting any new directorships outside the Group. Similarly, the Chairman of the Board shall also do likewise before taking up any additional appointment of directorship. The notifications should include an indication of the time that will be spent on the new appointment.

8. EXECUTIVE CHAIRMAN AND MANAGING DIRECTOR

The Executive Chairman leads the Board and is responsible for the effective performance of the Board. His duties include providing leadership for the Board, ensuring that the Board carries out its responsibilities in the best interest of the Company and the Group's corporate objectives are met. He provides governance in order to create a conducive environment geared towards building and enhancing the Board's effectiveness and ensures that all strategic and critical issues are discussed by the Board in a timely manner.

The Chairman also acts as a facilitator at Board meetings to promote a environment that allows for free expression of views and constructive debate on all issues pertinent to the welfare and future of the Group to facilitate well-informed and logical decision-making by the Board.

Other roles of the Chairman include leading the Board in embracing good corporate governance practices throughout the Group, addressing the Board's developmental needs, promoting constructive relations between the Board and management and providing unbiased assessment on management proposals to ensure the Board decisions made are in the Group's best interest and fairly reflect the Board's consensus.

The Managing Director is responsible for the executive management of the Group's business and implementing operational decisions and managing day-to-day operations. He is supported by the Executive Directors and management team in implementing the Group's strategic plan and overseeing the operations and business development of the Group.

9. ROLES AND RESPONSIBILITIES OF THE BOARD

The Board is collectively responsible for the proper stewardship of the Group's business and the creation of long term shareholder value, whilst taking into account interests of other stakeholders. The principal responsibilities of the Board are as follows:-

- Reviewing, approving and monitoring the overall strategies and direction of the Group and to ensure that the strategic plan of the Company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- Establishing a succession plan for board and senior management;
- Overseeing and evaluating the conduct and performance of the Group's business to ensure business is properly managed and delivering sustainable performance;
- Supervise and assess Management performance to ensure the interests of the Board and Management with that of shareholders and all stakeholders are optimally aligned.
- Identifying principal risks and ensuring the implementation of a proper risk management system to manage such risks;
- Overseeing the development and implementation of an investor relations programme or shareholder communications policy for the Company;
- Reviewing the adequacy and the integrity of the management information and internal controls systems of the Group;
- Formulating corporate policies and strategies;
- Embracing good corporate governance and take practices throughout the Group;
- Ensuring the integrity of the Company's financial and non-financial reporting;
- Ensuring the business and affairs of the Group are carried out in an ethical manner and in compliance with regulatory and statutory requirements; and
- Approving key matters such as financial results as well as major investments and divestments, major acquisitions and disposals and major capital expenditure in accordance with the limit of authority.

To ensure the direction and control of the Company are in the hands of the Board, certain matters are specifically reserved for the Board's deliberation, including overall strategic direction, annual operating plan, capital expenditure plan, material acquisitions and disposals, material capital projects, monitoring the Group's operating and financial performance and reviewing key risks affecting the Company and its subsidiaries.

10. BOARD COMMITTEES

The Board is assisted by three (3) Board Committees, namely, Audit and Risk Management Committee, Nomination Committee and Remuneration Committee to ensure appropriate checks and balances in discharging its oversight function. These Committees comprise majority of Independent Non-Executive Directors which play a leading role in these Committees. The Chairman of the various Committees will report to the Board on the outcome of the Committee meetings.

Each of these Committees operates under clearly defined Terms of Reference ("TOR") as approved by the Board to oversee and deliberate matters within their purviews.

Each year, the Board, through its Nomination Committee, will review the effectiveness of the Board and Board Committees as well as the contribution by each individual Director and Board Committee. The Nomination Committee will also facilitate and determine the board induction and continuing education programmes to be provided for the Board in areas that would best strengthen their contributions to the Board.

11. BOARD MEETINGS

The Board is scheduled to meet at least four (4) times a year at quarterly intervals with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings with sufficient notice.

The notice of Board meeting together with Board papers are circulated to the Directors at least one (1) week prior to each meeting. This enables the Directors to have ample time to review, seek additional information and/or clarification from the management or the Company Secretaries on the matters to be deliberated to facilitate constructive and effective discussion during the meetings. The Board papers circulated include financial results, forecasts and latest development in the Group.

All Directors, whether as a Board or in their individual capacity have full access to information within the Group and to obtain independent professional advice in furtherance of their duties at the Group's expense, if required. In addition, all Directors have access to the advice and services of the Company Secretary in carrying out their duties.

12. CODE OF ETHICS

The Board observes the Company Directors' Code of Ethics established by the Companies Commission of Malaysia.

The aim of the Code of Ethics is the enhancement of standard of corporate governance and corporate behavior. As part of the continuous effort to ensure that good corporate governance practices are being adopted, the Company has put in place a Whistleblowing Policy which allows the whistle blower(s) to raise concerns about actual or potential corporate fraud or breach of ethics involving any Directors, management or employees of the Group.

13. REVIEW OF BOARD CHARTER

The Board Charter would be periodically reviewed by the Board as and when required to take into consideration the changing needs of the Company as well as development in rules, guidelines and regulations that may have an impact on the discharge of Board's functions and responsibilities.

The Board Charter is published on the Company's website at www.vs-i.com.