



**MILUX CORPORATION BERHAD**  
(Company No. 313619-W)  
(Incorporated in Malaysia)

**BOARD OF DIRECTORS' CHARTER**

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## BOARD OF DIRECTORS' CHARTER

### PART A – DEFINITION

1.1 In this Charter:

Item	Description
Act	Companies Act, 1965
AGM	Annual General Meeting
Company or Milux	Milux Corporation Berhad
Board	Board of Directors' of the Company
Bursa Securities	Bursa Malaysia Securities Berhad
Board Charter	Board of Directors' Charter
Business	business of the Company
CFO	Chief Financial Officer of the Company
CG	Corporate Governance
Chairman	chairman of the Board and is used in a gender neutral sense
Company Goals	goals of the Company as set out in Part 3
Directors	directors of the Company and are used in a gender neutral sense
Group MD	Group Managing Director of the Company
Main LR	Main Market Listing Requirements of Bursa Securities
Management	management personnel of the Company
Management Limitations	limitations on the actions of Management as set out in paragraph 5.3
MCCG 2012	Malaysian Code of Corporate Governance 2012
Milux Group	companies within the Milux Corporation Berhad group
Secretary	Company Secretary or the person normally exercising the functions of a Company Secretary

1.2 **References**

- Companies Act, 1965
- Main Market Listing Requirements of Bursa Malaysia Securities Berhad
- Malaysian Code of Corporate Governance 2012
- Memorandum & Articles of Association of the Company
- Statement on Internal Control and Risk Management – Guidelines for Directors of Listed Issuers

# BOARD OF DIRECTORS' CHARTER

## PART B – INTRODUCTION

The Board recognises good Corporate Governance ("CG") practices are essential to reinforce stakeholders' confidence in the Company as its Board, which is vital to the success of the Company's businesses.

The Board plays the role of stewards and guardians of the Company and are key to raising CG standards. To this end, a Board Charter has been developed and adopted by the Board.

### **Objectives**

This Board Charter sets out the composition, role, responsibilities, structure and processes of the Board. The objectives of this Board Charter are to ensure that all Board members acting on behalf of the Company 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 CG are applied in all their dealings in respect, and on behalf of, the Company.

This Board Charter is not an "all inclusive" document and should be read as a broad expression of principles. It should be reviewed on a periodic basis and may be amended by the Board from time to time to ensure that the practices of the Board are consistent with the prevailing code of CG, laws and/or regulations and reflect the Board's commitment to best practice in CG.

## PART C – COMPANY GOALS

### **3.1 Milux's Philosophy**

To deliver products of "**Quality, Safety and Reliability**".

### **3.2 Milux's Commitment**

Milux is committed to provide top quality and innovative products which are in line with the Company's philosophy of delivering products with "**Quality, Safety and Reliability**".

### **3.3 Guiding Principles for the Board**

(a) In order to achieve the Milux's Commitment, the Board will observe the following guiding principles in establishing clear roles and responsibilities:-

- Establish a formal schedule of matters reserved for the Board and those delegated to Management.
- Establish clear roles and responsibilities in discharging its fiduciary and leadership functions.
- Formalise ethical standards through a code of ethics and conduct and ensure its compliance.

- Ensure that the Company's strategies promote sustainability.
  - Ensure that all members have access to information and advice.
  - Ensure the Board is supported by a suitably qualified and competent company secretary.
  - Formalise, periodically review and make public its Board Charter.
- (b) The capital and resources of the Company will be allocated to those assets and activities which will enable the Company to achieve the Company Goals in a manner best serving the interests of the Shareholders as a whole.

## **PART D – BOARD GOVERNANCE PROCESS**

### **4.1 Role of the Board**

- (a) The Board is to effectively represent and promote the interests of Shareholders with a view to add long-term value to the Company's shares.
- (b) Having regard to its role, the Board will direct and supervise the Management of, the Business and affairs of the Company including, in particular:
- reviewing and adopting a strategic plan for the Company, including establishing Company Goals and ensuring that the strategies are in place to achieve 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;
  - identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
  - succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management;
  - reviewing the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
  - 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 any applicable laws and/or regulations; and

- ensuring that the Company adheres to high standards of ethics and corporate behaviour.
- (c) 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 Group MD.
- (d) The Board will satisfy itself that the Company is achieving the Company Goals.

## **4.2 Board Procedures**

- 4.2.1 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.
- 4.2.2 Directors will use their best endeavour 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 who are unable to attend a meeting will advise the Chairman or the Chairman of the Meeting at the earliest date possible and notify/confirm his absence in writing to the Company Secretary.
- 4.2.3 Board discussions will be open and constructive, recognising 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.
- 4.2.4 Executive Directors will attend Board meetings to discharge their Board responsibilities. At Board meetings, the Board's responsibilities supersede all executive responsibilities.
- 4.2.5 The Board has sole authority over its agenda and exercises this through the Chairman of the Board. Any Director may, through the Chairman, request the addition of an item to the agenda.
- 4.2.6 The Board will normally hold meetings at least four (4) times in each financial year and will hold additional meetings as the situation requires. At each meeting the Board will consider:-
- an operational report from the Management;
  - a report on the financial performance;
  - specific proposals for capital expenditure and acquisitions;
  - major issues and opportunities for the Company; and
  - approve the quarterly financial statements for announcement to authorities.

In addition to the Board will, at intervals of not more than one (1) year:-

- Review the following year's business plan and approve the annual budget;
- approve annual financial statements, other reports to Shareholders and public announcements;
- consider and, if appropriate, declare or recommend the payment of dividends;
- review the Board composition, structure and succession;
- review the Company's audit requirements;
- review the performance of, necessity for and composition of Board committees;
- undertake Board and individual Director evaluations;
- review Directors' remuneration;
- review risk assessment policies and controls and compliance with legal and regulatory requirements;
- settle the following year's business plan.

4.2.7 All directors are entitled to have access to all relevant company information and to Management at all reasonable times.

4.2.8 A record of submissions, papers and materials presented to the Board is maintained and held by the Company Secretary, together with Minutes of meetings, and are accessible to all Directors upon request.

4.2.9 Directors are expected to strictly observe confidentiality of the Company's information. Directors are refrained from making improper use of information gained through the position of director for their own interest, or their employers' interest, if applicable.

4.2.10 In setting policies, the Board will not reach specific decisions unless it has considered the 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.

### **4.3 Role of Chairman of the Board**

4.3.1 The Board will appoint a Chairman from among the Directors.

4.3.2 The Directors may elect a Chairman and if desired, a Deputy Chairman and determine the period for which he is or they are to hold office. The Deputy Chairman will perform the duties of the Chairman during the Chairman's absence for any reason. The Chairman shall preside as chairman at meetings of the Directors but if no such Chairman or Deputy Chairman is elected or if at any meeting the Chairman is not present within fifteen (15) minutes after the time appointed for holding the meeting, the Deputy Chairman shall be the chairman and in his absence the Directors present may choose one (1) of their

number to be Chairman of the meeting [*Article 106 of the Company's Articles of Association*].

- 4.3.3 The Chairman is responsible for representing the Board to Shareholders.
- 4.3.4 The Chairman is responsible for ensuring the integrity and effectiveness of the governance process of the Board as set out in Part D of this Board Charter.
- 4.3.5 The Chairman is responsible for maintaining regular dialogue with the Board over all operational matters and will consult with the remainder of the Board promptly over any matter that gives him or her cause for major concern.
- 4.3.6 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 opinions among Directors are forthcoming.
- 4.3.7 Subject to the Articles of Association of the Company, any question arising at any meeting of the Directors shall be decided by a majority of votes and a determination by a majority of Directors shall for all purposes be deemed a determination of the Directors. In case of an equality of votes, the Chairman of the meeting shall not have a second or casting votes.
- 4.3.8 The Chairman of the Board is principally responsible for the overall functioning of the Board, which include: -
- Providing leadership to the Board, without limiting the principle of collective responsibility for Board decisions.
  - Chairing meetings of the Board in a manner that will encourage constructive discussion and effective contribution from each Director.
  - Reviewing the minutes of meetings of the Board before meetings, to ensure that such minutes accurately reflect the Board's deliberations, and matters arising from the minutes and on which further action is required have been addressed.
  - Initiating the establishment of Board Committees and ensuring that they achieve their objectives.
  - Promoting high levels of corporate governance.
- 4.3.9 The Chairman acts as an informal link between the Board and Management.

The Chairman is expected to be kept informed by the Management of all important matters and make himself available to the Management.

- to be part of the control mechanism in ensuring that the Management's decisions are properly considered;
- to give assistance and advice when needed; and

4.3.10 The Board communicates with Shareholders at Shareholders' meetings and through the distribution of its annual reports. The Chairman will chair these meetings and inform the Shareholders on the Company's affairs.

This role calls for skills and qualities that allow and encourage shareholders to express their opinions. The Chairman should possess the capability to summarise and unify thoughts and ideas as well as to manage the meeting effectively.

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

#### **4.4 Board Committees**

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

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

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

4.4.4 The Board has established the following Committees of the Board, each with clearly defined Term of Reference ("TOR") in order to enhance business and corporate efficiency and effectiveness:-  
(a) Audit and Risk Committee ("ARC"); and  
(b) Nomination and Remuneration Committee ("NRC").

#### **4.5 Board Composition**

4.5.1 The Board should consist of individuals with diverse background and equipped with professional and technical knowledge to effectively carry out its roles as the representative of the interests of Shareholders, in setting the Company's strategy and ensuring its implementation.

4.5.2 The qualifications for Board membership are the ability 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 raise constructive queries, preferably with some experience in the industry sector, high ethical standards, sound practical sense, and commitment to furthering the interests of Shareholders and the achievement of the Company Goals.

4.5.3 Non-Executive Directors will be active in areas which will 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 judgement.

4.5.4 Directors appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the next AGM of the Company but shall be eligible for re-election.

- 4.5.5 Directors shall retire from office at least once in every three (3) years but shall be eligible for re-election.
- 4.5.6 Only the Group Managing Director and Executive Director will be engaged on service contracts. Upon the expiry of their tenure, the Board may also, with the recommendation of the NRC and if considered appropriate, appoint them as Non-Executive Directors until the conclusion of the next AGM, whereby they shall be eligible to offer themselves for re-election.
- 4.5.7 In the event of the Group Managing Director and/or Executive Director's service contract with the Company is terminated for any reason whatsoever, the said Director is expected to resign from the Board.
- 4.5.8 The Board is supportive of gender diversity in the Boardroom as advocated in the MCCG 2012.

#### **4.6 Nomination and Appointment**

- 4.6.1 The appointment of a new Director is a matter for consideration and decision by the Board upon appropriate recommendation from the NRC.
- 4.6.2 All the Directors of the Company shall be natural persons and until otherwise determined by general meeting the number of Directors shall not be less than three (3) nor more than eleven (11) but in the event of any casual vacancy occurring and reducing the number of Directors below the aforesaid minimum the continuing Director or Directors may except in an emergency, act only for the purpose of increasing the number of Directors to such minimum number or to summon a general meeting of the Company [*Article 79 of the Company's Articles of Association*].
- 4.6.3 Unless otherwise determined by the Company in general meeting, at least two (2) directors or one-third (1/3) of the Board, whichever is higher, shall be Independent Directors. If the number of directors is not three (3) or multiple of three (3), then the number nearest to one-third (1/3) shall be used for purposes of determining the requisite number of Independent Directors.
- 4.6.4 New Board members shall be briefed on the terms of appointment, their duties and obligations and on the operations of the Milux Group. Copies of the following shall be provided to the newly appointed Board members:-
- (a) Board Charter;
  - (b) Memorandum and Articles of Association;
  - (c) Board Committees' composition and TORs;
  - (d) Latest Business Plans;
  - (e) Latest Annual Reports and Financial Statements;
  - (f) Organisation Charts; and
  - (g) Any other documents deemed necessary by the Board.

**4.7 Tenure of INEDs**

- 4.7.1 The tenure of an INED shall not exceed a cumulative term of nine (9) years. However, upon completion of the nine years, the INED may continue to serve on Board subject to his redesignation as Non-Independent Non-Executive Director. In the event the Director were to remain designated as an INED, the Board shall first justify and obtain shareholders' approval.
- 4.7.2 The Board must justify and seek shareholders' approval in the event it retains as an INED, a Board member who has served in that capacity for more than nine (9) years.

**4.8 Shareholdings by Board Members in the Company**

- 4.8.1 Board members may hold shares in the Company. Any transactions involving the shares of the Company, be it buying, selling or transfer to third party, Board members must strictly observe the disclosure requirements and/or provisions under the Companies Act, 1965, Main Market Listing Requirements of Bursa Malaysia Securities Berhad and all other relevant legislative and regulatory requirements.
- 4.8.2 A list of the Directors' Dealings for the applicable financial period shall be tabled by the Company Secretary at every quarterly Board Meeting of the Company whereupon the Board members are obliged to verify/confirm their prevailing shareholdings and movement of shareholdings.

**4.9 Directors' Remuneration**

- 4.9.1 The remuneration of ED will be based on the experience and the level of responsibilities undertaken by them, to be reviewed annually and/or as and when it is required by the NRC, thereafter to be decided by the Board.
- 4.9.2 The determination of the remuneration of the NEDs shall be matter of the Board as a whole with the Director concerned abstaining from deliberation and voting in respect of his individual remuneration.

**4.10 Provision of Business or Professional Services by Directors**

- 4.10.1 Any Director may act by himself or his firm in his professional capacity for the Company, and he or capacity his firm shall be entitled to remuneration for professional services as if he were not a Director, provided that nothing herein contained shall authorise a Director or his firm to act as Auditor of the Company [*Article 102 of the Company's Articles of Association.*]
- 4.10.2 In addition, the Company is at liberty to:
- engage the services of any Director having special expertise in the particular field for the purpose of a special assignment; or
  - engage the services of a party related to a Director's of an organisation,

so long as the terms of engagement are competitive, clearly recorded and all legal requirements for disclosure of the engagement are properly observed.

- 4.10.3 Subject always to Sections 131 and 132E of the Act, a Director may hold any other office or place of profit under the Company and under normal commercial term, (other than the office of Auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise nor shall any such contract, or any contract or arrangement; entered into by or on behalf of the Company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established but the nature of his interest must be disclosed by him at the meeting of the Directors at which the contract or arrangement is determined, if the interest then exists or in any other case at the first meeting of the Directors after the acquisition of the interest [*Article 101 of the Company's Articles of Association.*]

#### **4.11 Board Appointment in Other Companies**

- 4.11.1 Directors are expected to devote sufficient time and attention to the affairs of the Company. Any Director is, while holding office, at liberty to accept other Board appointment(s) in other companies so long as the appointment is not in conflict with the Company's business and does not affect the discharge of his duty as a Director of the Company.
- 4.11.2 Pursuant to the MCCG 2012, the Board should set out expectations on time commitment for its members and protocols for accepting new directorships. In this instance, Board members are expected to achieve at least 50% attendance of total Board Meetings in any applicable financial year with appropriate leave of absence be notified to the Chairman of the Board and/or Company Secretary, where applicable.
- 4.11.3 Prior the acceptance of new Board appointment(s) in other companies, the Directors should notify the Chairman of the Board and/or the Company Secretary in writing. The said notification should include an indication of time that will be spent on the new appointment.

#### **4.12 Continuing Development and Training**

- 4.12.1 The Board shall proactively provide training programme to directors to keep them abreast with developments in the market place pertaining to the oversight function of the Board in order to enable them to discharge their duties and responsibilities effectively.
- 4.12.2 All costs incurred ancillary or incidental to the training shall be borne by the Company.

**4.13 Directors' Protection Deeds**

4.13.1 The Company shall, so long as it is permitted by laws, indemnify all costs in relation to any action taken by the directors if such actions are taken in good faith and in the best interest of the Company at the time of the act.

4.13.2 The Company shall provide appropriate Directors and Officers ("D&O") liability insurance to safeguard the interests of directors, if so required and/or where applicable.

**4.14 The Company Secretary**

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

4.14.2 The Company 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.

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

**PART E – BOARD-MANAGEMENT RELATIONSHIP****5.1 Group Managing Director ("Group MD")**

5.1.1 The Board will link the Company's governance and management functions through the Group MD.

5.1.2 All Board authority conferred on Management is delegated through the Group MD so that the authority and accountability of the Management is considered to be the authority and accountability of the Group MD in so far as the Board is concerned.

5.1.3 The Group MD is expected to keep the Board informed on all matters which may materially affect the Company and its business.

5.1.4 Only decisions of the Board acting as a body are binding on the Group MD. Decisions or instructions of individual Directors, officers or committees are not binding except in instances where specific authorisation is given by the Board.

5.1.5 The Group MD is subject to retirement by rotation and if he ceases to hold the office of Director for any cause shall ipso facto cease to be the Group MD [*Article 116 of the Company's Articles of Association*].

**5.2 Accountability of Group MD to Board**

5.2.1 The Group MD, is accountable to the Board for the achievement of the Company Goals and the observance of the Management Limitations.

5.2.2 At each of its quarterly meetings the Board should receive from or through the Group MD:-

- the operational and other reports and proposals referred to in paragraph 4.2.6; and
- such assurances as the Board deems necessary to confirm that the Management Limitations are being observed.

### **5.3 Executive Director ("ED")**

5.3.1 ED is, in essence, the conduit between the Management and the Board in ensuring the success of the Company's human resources, financial management and governance function. ED is responsible for the effective implementation of the Group's human resources plan and policies established by the Board as well as to oversee the financial conduct of the Business to ensure its smooth and efficient operations.

5.3.2 In discharging the above responsibilities, the ED can delegate appropriate functions to any member of senior management, who shall report to the ED.

5.3.3 ED to carry out any other duties and responsibilities as assigned by the Board of Directors and/or Group MD from time to time.

### **5.4 Management Limitations**

5.4.1 The Group MD is expected to act within all specific authorities delegated to him by the Board.

5.4.2 The Group MD is expected not to cause or permit any practice, activity or decision that is contrary to generally accepted good business practice or professional ethics.

5.4.3 The Group MD is expected to take into consideration the Company Goals in allocating the capital and resources of the Company.

5.4.4 The Group MD 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.

5.4.5 The Group MD is expected not to cause or permit any action that is likely to result in financial distress of the Company.

5.4.6 The Group MD is expected to ensure the assets of the Company are 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.

5.4.7 The Group MD is expected not to permit the employees and any other parties working for the Company to be subject to treatment or conditions that are undignified, inequitable, unfair or unsafe.

5.4.8 The Group MD 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.

**5.5 Non-Executive Directors (“NEDs”)**

5.5.1 The role of the NEDs is primarily on monitoring executive authority and contributing to the development of strategy.

5.5.2 The role of the NEDs can be further distinguished in the following areas of concern:-

- Strategy: Constructively challenge and contribute to the development of strategy.
- Performance: Scrutinise the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance.
- Risk: Satisfy themselves that the financial information presented is accurate and that financial controls as well as systems of risk management are robust and defensible.
- People: Responsible for determining appropriate levels of remuneration of Group MD/ED and have a prime role in appointing, and where necessary, removing Senior Management as well as succession planning.

**5.6 Independent Non-Executive Directors (“INEDs”)**

5.6.1 INEDs are essential for protecting the interests of Shareholders and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality. Since an INED has no conflict of interests in the discharge of his duties, he ought to approach any approval for a transaction or other matter that is being sought at the Board level with a watchful eye and with an inquiring mind.

5.6.2 An INED is especially important in areas where the interests of Management, the Company and/ or the Shareholders diverge, such as executive performance and remuneration, related party transactions and audit issues.

5.6.3 INED is considered an individual who:-

- is an independent director as defined under Paragraph 1.01 of the Main LR.
- does not have aggregate income sourced from the Group, (except the director fee he receives for his capacity as Independent Director of the Company), which is more than 5% of his/her total income.
- declared his independence vide Declaration of Independency to the NRC.
- is approved by Shareholders in a general meeting to be retained as an independent director where he has served in that position for more than nine (9) years. (see paragraph 5.6.4 below)

In the event that even if a person does not fall within any of the disqualifying indicators enumerated out in Paragraph 1.01 of the Main LR, both the Director and the Board must give effect to the spirit, intention and purpose of the definition of an Independent Director. There must be a conscious application of the test of whether the said Director is able to exercise independent judgment and act in the best interests of the Company.

The attributes of collegial yet independent decision-making that must be vested in the INEDs will be determined in part by the character of the individual and that of the whole ethos of the Board.

- 5.6.4 The tenure of an INED shall not exceed a cumulative term of nine (9) years. However, upon completion of the nine (9) years, the INED may continue to serve on the Board subject to his re-designation as NED. In the event the Director were to remain designated as an INED, the Board shall firstly to provide justification, upon the recommendation of the NRC and thereafter to obtain the relevant Shareholders' approval.

### **5.7 Senior Independent Non-Executive Directors ("SINED")**

- 5.7.1 There shall be an INED of the Board be designated as SINED to whom concerns may be conveyed.
- 5.7.2 A designated email address shall be made available in the Company's Corporate Website for all shareholders to access/contact the SINED.
- 5.7.3 The responsibilities of the SINED include:-
- to serve as a designated contact person for consultation and direct communication with Shareholders on areas that cannot be resolved through the normal channels of contact with the Company, at the expense of the Company.
  - to seek assistance from the Group MD/ED and/or any senior Management of the Company, if so required, to resolve the issues raised by the Shareholders to him.
  - to seek advice from external professionals on a specific subject matter raised to him by the Shareholders, at the expense of the Company, if so required.
  - to report to the Board on any pertinent issues raised by the Shareholders that warrants the Board's attention and/or further action.
  - to ensure all INEDs have an opportunity to provide input on the agenda and advise the Chairman on the quality, quantity and timeliness of the information submitted by management that is necessary or appropriate for the INEDs to perform their duties effectively;
  - to serve as Chair of the NRC pursuant to Recommendation 2.1 of MCCG 2012.

## **PART F – BOARD-SHAREHOLDERS’ RELATIONSHIP**

### **6.1 Shareholders’ Communication Policy**

The Board is aware of Milux’s commitment to enhancing long term shareholders’ value through regular communication with all its shareholders, irregardless of individual shareholders and institutional investors (hereinafter referred to as “the Shareholders”).

In consequence thereto, the Board has established a Shareholders’ Communication Policy in order to provide guidance as well as ensuring a consistent approach towards the Company’s communication with the Shareholders.

The Board adopts the following measures with regards to communication with the Company’s shareholders:-

- (i) Timely announcements to Bursa Securities;
- (ii) Establishment of a Corporate Website;
- (iii) Timely dispatch of Annual Reports;
- (iv) Conduct of Annual General Meetings/General Meetings with ample notices; and
- (v) Appointment of designated contact persons for shareholders’ communication purposes.

### **6.2 Communication with Shareholders**

- The shareholders must be informed of all material business matters affecting the Company.
- The Board ensures timely release of financial results on a quarterly basis and other major developments to provide the Shareholders with an overview of the Company’s performance and operations.
- All relevant press releases should be vetted through by the Group MD and/or the Company Secretary to ensure that information that has yet to be released to Bursa Securities is not released to the press beforehand.
- The Board ensures that the views of the majority shareholders are considered in its decision making. In addition, the minorities’ interest should also be adequately protected.
- The Board should ensure the Company leverage on information technology for effective dissemination of information and the Company’s websites to provide easy access to corporate information pertaining to the Company and its activities and is continuously updated.
- The Board will strives to to ensure that all Shareholders have ready and timely access to all publicly available information of the Company, to fairly and accurately represent the Company so that investors and potential investors can make properly informed investment decisions and others can have a balanced understanding of the Company and its objectives.

## **PART G – STAKEHOLDERS’ RELATIONSHIP**

### **7.1 Stakeholders**

In the course of pursuing the Company Goals, the Board recognises that no company can exist by maximising shareholders’ value alone. In this regard, the needs and interests of other stakeholders are also taken into consideration. The Board must balance and manage the economic impact of the stakeholders’ conflicting interests on the shareholders’ value.

The Company has established a Corporate Disclosure Policy to ensure informative, timely and accurate disclosure of material information concerning the Company to the public.

### **7.2 Corporate Responsibility**

As a socially-responsible corporate citizen, the Board is committed to social and environment sustainability. This fundamental Corporate Responsibility is advocated by the Board and intensively nurtured and practiced by Management with firm commitment to three (3) major stakeholders:-

#### **(a) Employees**

The Board acknowledges that the employees are invaluable assets of the Company and play a vital role in achieving the Company Goals.

The Board is committed to ensure the Management to build a company where employees are happy to work, confident and take pride as part of the Company.

#### **(b) Customer**

The Board is committed to ensure the Management place the highest regards in relation to the safety and quality of products. Management to ensure its products and services are in order to achieve the highest customer satisfaction.

#### **(c) Environment**

The Board is committed to ensure the Management preserve and enhance the society’s quality of life by improving the Company’s activities in order to sustain the environment in all areas of the Company’s operations.

## **PART H – CORPORATE GOVERNANCE**

### **8.1 Commitment on Corporate Governance**

The Board is committed to uphold and implement the highest standards of corporate governance and best practices throughout its businesses.

## 8.2 Internal Control and Risk Management

### **(a) Internal Audit ("IA")**

- The ARC has been entrusted by the Board to ensure effectiveness of the Group's internal control systems.
- In order to ensure the effectiveness of the system of internal controls, the Board has outsourced the internal audit functions of the Group to an external IA consultant.
- Reporting directly to the ARC, the said external IA provide assurance services with regards to the effectiveness of the internal control systems, assessment of the compliance to the Group's standard operating procedures, operational efficiency, reliability of system and information including systems for compliance with applicable law, regulations, rules, directives and guidelines.
- At the end of each audit exercise, meetings are to be conducted between the external IA consultant and senior management to discuss on audit issues and ensuring remedial actions are executed within an acceptable time-frame. The IA reports are to be tabled to the ARC for review on a quarterly basis and these reports are also deliberated by the Board.
- The activities of the outsourced Internal Auditors are reported regularly to the ARC which provides the Board with the required assurance in relation to the adequacy and integrity of the Group's internal control systems.

### **(b) Risk Management**

- The ARC has been entrusted by the Board to identify, evaluate, monitor and manage any relevant major risk faced by the Group so that the Group will achieve its business objectives. However, the Board as a whole remains responsible for all the actions of the ARC with regard to the execution of the delegated role and this includes the outcome of the review and disclosure on key risks and internal control in the Company's annual reports.
- A sound risk management framework shall be established to govern the risk management system of the Group, pursuant to Recommendation 6.1 of the MCCG 2012.
- As outlined in the *Statement on Internal Control and Risk Management – Guidelines for Directors of Listed Issuers*, the Board recognises its role in relation to the risk management as follows:-
  - (i) The Board's focus on effective risk oversight is critical to setting the tone and culture towards effective risk management and internal control. The responsibilities of the Board for the governance of risk and controls include:-
    - Embedding risk management in all aspects of the company's activities;
    - Approving the Board's acceptable risk appetite; and

- Reviewing the risk management framework, processes, responsibilities and assessing whether they provide reasonable assurance that risks are managed within tolerable ranges.
- (ii) Reviewing the effectiveness of risk management and internal control is an essential part of the Board's responsibilities and will be performed at least annually. The Board will form its own view on effectiveness based on the information and assurances provided to it, and in doing so, it will exercise the standard of care generally applicable to directors in carrying out their duties. Management is accountable to the Board for implementing and monitoring the system of risk management and internal control and for providing assurance to the Board that it has done so.
- (iii) The Board will solicit formal feedback on the adequacy of risk management and internal control from the head of the internal audit function at least annually, and this should be based primarily on the scope and coverage of internal audit's remit for the year under review. The Board will also solicit the observations of the independent external auditor, recognising that such observations will generally be limited to risks and controls related to the financial statements.
- (iv) Management is responsible for implementing the processes for identifying, evaluating, monitoring and reporting of risks and internal control, taking appropriate and timely corrective actions as needed, and for providing assurance to the board that the processes have been carried out.
- (v) Annual Assurance by the Group MD and the Chief Financial Officer ("CFO")

In this regard, at least annually, the Board should receive assurance from the Group MD and the CFO on whether the Company's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management model adopted by the Company.

### **8.3 Appointment, Assessment and Removal of External Auditor**

- Duties and responsibilities of assessing, recommending appointing/removing and determining remuneration for external auditor have been delegated to the ARC. Nonetheless, the appointment of external auditor is to be approved by shareholders, upon the recommendation made by the Board.
- Appointment, assessment and removal of external auditor shall be conducted in accordance to the Acts and Main LR.
- External auditor, if dismissed by the Board, shall be provided with an opportunity to address to shareholders in the next immediate general meeting after the dismissal.

**PART I – APPLICATION OF BOARD CHARTER**

- 9.1 The principles set out in this Board Charter are:-
- (a) Kept under review and updated as practices on CG and further guidelines on CG or Main LR are issued by the relevant regulatory authority;
  - (b) Applied in practice having regard to their spirit and general principles rather than to the letter alone; and
  - (c) Summarised in the Annual Report of the Company as part of the narrative statements by the Directors on CG.
- 9.2 The Board endeavour to comply at all times with the principles and practices as set out in this Board Charter.
- 9.3 The Board will review this Board Charter biennially and/or from time to time and make any necessary amendments to ensure they remain consistent with the Board's objectives, current law and practices.

**History of Board Charter**

<b>Date</b>	<b>Description</b>
25 February 2014	Establishment of the Board Charter