1. INTRODUCTION

The Board is responsible for the proper stewardship of RCE Capital Berhad (“Company”) and its subsidiaries (collectively “Group”). The Board is to uphold the value of good corporate governance by continuously advocating transparency, accountability, integrity and responsibility to enhance long term shareholders’ value and safeguarding the stakeholders’ interests.

2. PURPOSE

This Board Charter sets out the role, functions, composition, operation and processes of the Board of Directors (“Board”) of the Company and is to ensure that all Board members acting on behalf of the Company are aware on their duties and responsibilities as Board members.

This Board Charter would act as a source reference to guide Board members and senior management on the matters set out in the preceding paragraph. It will also assist the Board in assessment of its own performance and that of its individual Directors.

3. THE BOARD

3.1 Board Membership

i. Composition

The Board should consist of qualified individuals with different backgrounds and specialisations, collectively bringing considerable knowledge, judgment and experience to the Board. The Directors’ stewardship responsibilities include setting policies and strategies, performance monitoring, allocation of resources, risk assessment and management as well as improving governance and controls.

The Company’s Articles of Association (“Articles”) provides for a minimum of two (2) directors. At any one time, at least two (2) or one-third (1/3), whichever is higher, of Board members must comprise of Independent Directors. The Independent Directors provide independent judgment, experience and objectivity without being subordinated to operational considerations. 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.

The composition and size of the Board shall be reviewed from time to time to ensure its appropriateness.
ii. Appointments and Re-election

The appointment of a new Director is a matter for consideration and decision by the full Board, upon the recommendation from the Nomination & Remuneration Committee ("NRC"). In making these recommendations, the NRC assesses the suitability of candidates, taking into account the required mix of skills, knowledge, experience, character, integrity, competence, time commitment and other qualities, which the Director would bring to the Board.

The Articles provides that all Directors who are appointed by the Board may hold office until the following Annual General Meeting ("AGM") subsequent to their appointment and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are required to retire by rotation at the AGM. Further, one-third (1/3) of the Directors are subject to retirement by rotation at every AGM but are eligible for re-election provided always that all Directors shall retire from office at least once every three (3) years.

iii. Independence of Director

The Board must annually assess the independence of each Independent Director in light of the interests they have disclosed. The assessment also takes into consideration the criteria laid out in the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Listing Requirements") and such other factors as the Board determines appropriate to take into account in determining whether the Director is independent of management; and free of any business or other relationship that could materially interfere with, or could be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

3.2 Board Role

The Board assumes, amongst others, the following duties and responsibilities:

(a) reviewing, adopting and monitoring the overall strategic business plan and direction of the Group;

(b) overseeing the conduct of the Group’s business to evaluate whether the business is properly managed;

(c) to exercise independent judgement in decision making;

(d) to devote adequate time and attention in discharging duties and responsibilities effectively;

(e) to ensure full compliance and to carry out the duties of the Board in accordance with the relevant provisions of the Listing Requirements and all other applicable laws, regulations and guidelines;

(f) identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
(g) establishing succession planning and on-going training to ensure orderly management transition in the Group;

(h) developing and implementing an investor relations programme or shareholder communications policy for the Group and encouraging the use of information technology; and

(i) reviewing the adequacy and integrity of the Group’s management information and internal control systems.

3.3 Matters reserved for the Board

The following are matters specifically reserved for the Board:

(a) approval of corporate/strategic plans and programmes;

(b) approval of annual budgets, including major capital commitments and capital expenditure budgets;

(c) approval of new major ventures;

(d) approval of material acquisitions and disposals of undertakings and properties; and

(e) appointment of all other Board members, Board Committee members, Chief Executive Officers and the Company Secretaries; and

(f) Any other matters which are required to be approved by the Board pursuant to the applicable rules, laws and regulations.

3.4 Chairman and Managing Director (“MD”)/Chief Executive Officer (“CEO”)

The Chairman of the Board shall be a non-executive member of the Board.

The role of Chairman and MD/CEO are separate with clear distinction of responsibility between them to ensure a balance of power and authority. The Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board, while the MD/CEO has overall responsibility for the day-to-day management of the business and implementation of the Board policies and decisions.

The responsibilities of the Chairman, among others, are as follows:

(a) to lead the Board and ensure its effectiveness of all aspects of its role;

(b) to ensure the efficient organisation and conduct of the Board’s function and meetings;

(c) to facilitate the effectiveness contribution of all Directors at Board meetings;
(d) to promote constructive and respectful relations between Directors, and between the Board and Management; and

(e) to ensure effective communication with shareholders and relevant stakeholders.

The responsibilities of the MD/CEO, among others, are as follows:

(a) to develop and implement corporate strategies for the Group;
(b) to supervise heads of divisions and departments who are responsible for all functions contributing to the success of the Group;
(c) to ensure the efficiency and effectiveness of the operation for the Group;
(d) to assess business opportunities which are of potential benefit to the Group; and
(e) to bring material and other relevant matters to the attention of the Board in an accurate and timely manner.

3.5 Board Committees

The Board may from time to time establish Committees as is considered appropriate to assist in carrying out its duties and responsibilities. The Board delegates certain functions to its Committees to assist in the execution of its responsibilities.

As at now, the Committees are as follows:

(a) Audit Committee;
(b) Nomination & Remuneration Committee; and
(c) Options Committee.

The Committees shall operate under defined terms of reference. The Committees are authorised by the Board to deal with and to deliberate on matters delegated to them within their terms of reference. The Chairman of the respective Committees reports to the Board on the outcome of the Committee meetings and such reports or minutes will be included in the Board papers.

3.6 Board Meetings

The Board shall conduct at least four (4) scheduled meetings annually, with additional meetings to be convened as and when necessary.

All Board meetings shall be chaired by the Chairman of the Board. In the absence of the Chairman and/or an appointed deputy, the Directors present shall elect one of themselves to chair the meeting. In the absence of a meeting, decisions shall be made by way of circular resolutions.

A full agenda and comprehensive Board papers are circulated to all Directors in advance of each Board and Board Committee meeting. The reports cover the areas of corporate, financial, operational and regulatory compliance matters.
3.7 Directors’ Remuneration

The determination of the remuneration of the Executive Directors will be a matter to be decided by the Board as a whole, taking into consideration the recommendations of the Nomination & Remuneration Committee. The mechanism for remuneration for Executive Directors is structured in a manner wherein an Executive Director is rewarded based on the Company’s performance and also individual performance.

The remuneration of Non-Executive Directors shall similarly be decided by the Board as a whole and the level of remuneration reflects the contribution and level of responsibilities undertaken the particular Non-Executive Director.

3.8 Directors’ Training and Continuing Education

In addition to the Mandatory Accreditation Programme as required by Bursa Malaysia Securities Berhad (“Bursa Securities”), the Directors shall continue to update their knowledge and enhance their skills through appropriate continuing education programmes and life-long learning. This will enable Directors to effectively discharge their duties and sustain active participation during Board deliberations.

The Board shall annually review and assess the training needs of its Directors from time to time.

4. COMPANY SECRETARY

The Company Secretary plays an important advisory role and is a source of information and advice to the Board and Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company and Group. All Directors have direct access to the advice and services of the Company Secretary.

The Board shall appoint someone who is capable of carrying out the duties to which the post entails, and the removal of the Company Secretary shall be a matter of the Board as a whole. The Company Secretary shall be of a senior position with adequate authority and shall report directly to the Board.

The specific responsibilities of the Company Secretary are as follows:

- attending Board meetings and ensuring that the Board meetings are properly convened and proceedings are properly recorded;
- ensuring timely communication of Board level decisions to Senior Management;
- ensuring that all appointments to the Board and Committees are properly made;
- maintaining records for the purposes of meeting statutory obligations;
- ensuring that obligations arising from the Listing Requirements or other regulatory requirements are met;
- facilitating the provision of information as may be requested by the Directors from time to time; and
- supporting the Board in ensuring adherence to Board policies and procedures.
5. **INVESTOR RELATIONS AND SHAREHOLDERS COMMUNICATION**

The Board shall place great importance in ensuring the high standards of transparency and accountability in its communication to shareholders, as well as to potential investors, analysts and the public. The shareholders and investors shall be informed regularly of all material matters affecting the Group in conformity with the disclosure requirements.

The AGM is the principal forum for dialogue and interaction with shareholders. At each AGM, a presentation is given by a member from senior management to explain the Group’s strategy, performance and major developments to shareholders. The Board also encourages shareholders to participate in the question and answer session at the AGM.

The Board also ensures timely announcements and disclosures are made to the Bursa Securities, which includes quarterly financial results, Group’s corporate proposals, changes in the composition of the Group and any other material information that may affect investors’ decision making.

Corporate and financial information of the Group as well as the Company’s announcements to Bursa Securities are also made available to the public through the Company’s website at www.rce.com.my.

6. **ACCESS TO INFORMATION AND INDEPENDENT ADVICE**

The Board has complete and unrestricted access to information relating to the Group’s businesses and affairs. The Board may require to be provided with further details on the matters to be considered. Senior management are invited to attend the Board meetings to brief and provide comprehensive explanation on pertinent issues. Professional advisers appointed by the Company for corporate proposals to be undertaken by the Company would also be invited to render their advice and opinion to the Directors.

The Directors, whether collectively as a Board or in their individual capacity, have the liberty to seek external and independent professional advice, if so required by them, in furtherance of their duties at the Company’s expense.

7. **REVIEW OF THE BOARD CHARTER**

This Board Charter has been adopted by the Board on 27 May 2013. Any subsequent amendment to the Charter must be approved by the Board.

The Board Charter will be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board’s responsibilities.