

# BOARD CHARTER

## 1. INTRODUCTION

The Board of Directors ("**Board**") regards corporate governance as vital to the continuing success of our businesses and realising long-term shareholders' value of Mercury Securities Group Berhad and its subsidiaries ("**Group**"). Recognising its critical importance, the Board is committed to apply the necessary structures and processes to direct and manage the businesses and affairs of the Group in order to ensure that the principles of good corporate governance (*such as ethical behaviour, accountability, transparency and sustainability*) is practiced as the Group's culture and in all business dealings in respect of its shareholders and other stakeholders.

This Board Charter sets out the sets out the functions and responsibilities of the Board with respect to the Company and its subsidiaries. This Board Charter is intended to supplement the description of the Board's role and responsibilities as set forth in the Company's Constitution. If there is any conflict, the provisions of the Company's Constitution will prevail.

## 2. OBJECTIVES

The objectives of this Board Charter are to ensure that all Board members acting on behalf of the Company are aware:

- a) Of their duties and responsibilities as Board members;
- b) Of the various legislations and regulations affecting their conduct and fiduciary duties; and
- c) That the principles and practices of good corporate governance are applied in all their dealings in respect, and on behalf of, the Company.

## 3. THE BOARD

### 3.1 Roles and Responsibilities

- a) The Board is collectively responsible to lead and guide the Group in an effective and responsible manner to meet the objectives and goals formulated and implemented from time to time. The Board understands that the responsibilities for good corporate governance rest with them. Therefore, the Board strives to follow the principles and best practices of corporate governance as prescribed under the Malaysian Code on Corporate Governance 2021 ("**MCCG**").

- b) 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 the Company's shareholders and other stakeholders for the manner in which the affairs of the Group are directed and managed.
- c) The Board's responsibilities outlined in this Board Charter should be read together with the relevant provisions of the Capital Markets and Services Act 2007 ("**CMSA**"), Companies Act 2016 ("**Companies Act**"), ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Listing Requirements**") ("**Bursa Securities**") and other rules, regulations and guidelines issued by the Securities Commission Malaysia ("**SC**"), Bursa Securities and other relevant regulators and authorities.
- d) The Board has the overall responsibilities for promoting long term sustainable growth and financial soundness of the Group giving due regards to environmental, social, economic and governance issues.
- e) In discharging its role, the Board shall perform *inter-alia*, the following:
  - (i) Review, approve and monitor the implementation of the Group's strategic plan to ensure that the plan and operations to support long-term value creation *inter-alia* taking into considerations factors on economic, environment, social and governance issues underpinning sustainability;
  - (ii) Reviewing, challenging and deciding on management's proposals for the Group, and monitoring its implementation by management;
  - (iii) Overseeing the conduct of the Group's business to ensure it is properly managed, including supervising and assessing corporate behaviour and conduct of the business of the Group;
  - (iv) Apprise internal and external stakeholders on the progress of the Group's sustainability strategies and compliance with policies and applicable regulatory requirements to internal and external stakeholders;
  - (v) Approve and monitor the risk appetite, business plans and other initiatives which may have a material impact on the Group's long-term growth and sustainability, which include *inter-alia*, financial soundness, reputation or other key operational controls;
  - (vi) Promote together with senior management, a sound corporate culture within the Group which reinforces economic, environment, social and governance sustainability, ethical, prudent and professional behaviour as outlined in our Sustainability Framework;
  - (vii) Oversee the selection, performance, remuneration and ensure that a succession plan for the Group is in place for Board, key senior management such as, Managing Director ("**MD**"), Executive Directors ("**ED**"), Chief Financial Officer ("**CFO**"), risk management and control functions head and other senior

management such that the Board is satisfied with the collective capabilities and competencies of the senior management team to effectively lead and implement Board's policies in the operations of the Group;

- (viii) Oversee the implementation of the Group's governance framework, enterprise risk management and internal control framework and periodically review whether these remain appropriate;
- (ix) Promote timely and effective communication between the Group and relevant regulators on matters affecting or that may affect the safety and soundness of the Company;
- (x) Developing and implementing an investor relations programme or shareholders' communications policy for the Group to enable effective communication with stakeholders;
- (xi) Ensure that statutory auditors, internal auditors, compliance officer have full access to all records and that they are independent to enable them to achieve their respective objectives without any undue influence;
- (xii) Establish, approve and periodically direct and review for its adequacy and effectiveness of policies and procedures governing related party transactions and conflict of interest situations that prohibit activities and relationship that diminish the quality of corporate governance, such as, preferential treatment to related parties, corruption, and bribery and/or conflict of interest situations;
- (xiii) Review and approve the Whistleblowing Policy and Procedures to encourage reporting of any legitimate concerns over any wrongdoings. Review and acknowledge on the investigation outcome of whistleblowing issues, frauds, illegal acts or suspected violations of the Group's policies involving the Board, management and employees;
- (xiv) Review and approve a set of code of conduct outlining the importance of accountability, professionalism and integrity that are communicated throughout the Group;
- (xv) Establish Board committees to oversee critical or major functional areas and to address matters, which require detailed review or in-depth consideration or engagement with senior management team and appropriate experts. Notwithstanding that, the Board remains responsible for the decisions of the Board committees;
- (xvi) Review and approve the financial statements and ensure that the financial statements are prepared in compliance with relevant standards issued by the Malaysian Accounting Standards Board and give a true and fair view of the financial status of the Company and the Group as well as whether the disclosures are consistent with the Directors' own knowledge of the Company and the Group's affairs;

- (xvii) Ensure the integrity of the Company's financial and non-financial reporting processes;
  - (xviii) Undertaking a formal and objective annual evaluation to determine the effectiveness of the Board, Board committees and each individual Director;
  - (xix) Discharge and perform its duties and responsibilities pertaining to anti-money laundering, corruption and bribery as prescribed in relevant guidelines, regulations, circulars, directives issued by the relevant authorities; and
  - (xx) Review and approve the Company's Annual Report and ensure that the Annual Report pertaining to corporate governance disclosures are accurate, clear and presented in a manner that is easily understood by shareholders and other readers.
- (f) The Board needs to assure that the subsidiaries of the Company and their directors adhere to the following:
- (i) The subsidiaries and their directors must provide with any information requested by the Company to enable the Board to oversee the performance of the subsidiaries effectively, including assessing non-financial performance of the Group;
  - (ii) The subsidiaries and their directors must cause to be kept the accounting and other records to:
    - (aa) sufficiently explain its business, transactions and financial position;
    - (bb) enable the preparation of true and fair financial statements; and
    - (cc) enable the accounting and other records to be conveniently and properly audited.
  - (iii) The subsidiaries and their directors must provide the Company with all information and record necessary to enable the preparation of the consolidated financial statements in accordance with approved accounting standards;
- The information and records required under 3.1.(f) (ii) and (iii) shall be kept for not less than seven (7) years from the completion of transactions or operations to which the entries or records relate.
- (g) The Board reserves full-decision making powers notwithstanding any delegation of authority to Board committees, management, management committees on the following matters:
- (i) All transaction(s) requiring an announcement to be made to Bursa Securities and/or approval from shareholders to be obtained for proposed transactions as prescribed under the Listing Requirements.
  - (ii) Strategic issues and planning, including sustainability;

- (iii) Budget and performance review;
- (iv) Quarterly financial results and audited financial statements;
- (v) Acquisitions or disposal of material assets which may or may not be in the ordinary course of business.
- (vi) Material capital expenditures;
- (vii) Material borrowings;
- (viii) Treasury Policies
- (ix) Investment in major capital projects e.g. information and communication technology project.
- (x) Changes to the management and control structure within the Group, including key policies, procedures and delegated Approving Authority levels at the Group and operating subsidiaries level.
- (xi) Risk profile and appetites e.g. underwriting, single security/customer exposure limits.
- (xii) Related party transactions including recurrent related party transaction of a revenue or trading nature and conflict of interest.
- (xiii) Key human resource issues, e.g. appointment of management as director of subsidiaries, and hiring of key management personnel.
- (xiv) Conflict of interest in relation to substantial shareholders, Directors and management.
- (xv) Dividend Policy or declaration of dividends;
- (xvi) Proposed appointment of external auditors and their audit fees; and
- (xvii) Venture into new business.

### **3.2 Role of the Board's Chairman**

- a) The Chairman is elected by the Board members who shall be an Independent Director, in leading the Board. The Chairman plays a vital role in the Company in creating the conditions for a high performing Board and is responsible for overall functioning of the Board. In fulfilling this role, the Chairman must:

- (i) Ensure the effectiveness of the Board and promoting highest standards of integrity, moral and corporate governance throughout the Group;
  - (ii) Ensure that appropriate procedures are in place to govern the Board's operations, including the adoption and implementation of appropriate corporate governance practices in the Company;
  - (iii) Ensure that decisions are taken on a sound and well-informed basis including by ensuring that all strategic and critical issues are considered by the Board, and that Directors receive the relevant information on a timely basis;
  - (iv) Encourage healthy deliberations and ensure that dissenting views can be freely expressed and discussed; and
  - (v) Lead in efforts to address the Board's developmental needs.
- b) The Chairman is responsible for managing the business of the Board and the key responsibilities of the Chairman are, amongst others, the following:
- (i) In consultation with the MD and the Company Secretary, sets the agenda for Board meetings and ensures that all relevant issues to be tabled for deliberation are on the agenda
  - (ii) Ensures that all Directors are properly briefed on issues arising at Board meetings;
  - (iii) Leading Board meetings and discussion and acting as a facilitator at Board meetings and ensuring sufficient time is allowed for the deliberation of complex or contentious issues and, where appropriate, arranging for informal meetings beforehand to enable thorough preparation for Board deliberations;
  - (iv) Reviews minutes of meetings of the Board before the next meeting, to ensure they accurately reflect the Board's deliberations, and matters arising from the minutes and on which further action is required have been addressed;
  - (v) Encourages active participation at Board meetings and allowing dissenting views to be freely expressed;
  - (vi) Promotes constructive and respectful relations between Directors and senior management;
  - (vii) Issues deliberated are forward looking and concentrates on strategic and sustainability issues;
  - (viii) Leading the Board in establishing and monitoring good corporate governance practices in the Group;

- (ix) Ensures that management look beyond their executive functions and accept their full share of responsibilities, accountability and governance.
  - (x) Ensures that every Board resolution is put to vote to ensure the will of the majority prevails.
  - (xi) Ensures that appropriate steps are taken to provide effective communication with shareholders and other stakeholders and that their views are communicated to the Board as a whole.
- c) The Chairman should not be a member of the Nomination Committee (“**NC**”), Remuneration Committee (“**RC**”) and Audit and Risk Management Committee (“**ARMC**”).
  - d) The positions of Chairman and MD/chief executive are held by different individuals.
  - e) The Chairman may be assisted in his role by a Senior Independent Director as appropriate.
  - f) The Chairman should ensure that Board committees’ meetings are not combined with the main Board meeting.

### **3.3 Role of the Managing Director**

- a) The MD primary responsibilities include making major corporate decisions, managing the overall operations and resources of the Group, serves as a conduit between the Board and the management in ensuring the success of the Company’s governance and management functions.
- b) The MD is appointed by the Board upon recommendation of the NC.
- c) The MD has the executive responsibility and is accountable to the Board for, amongst others, the following:
  - (i) Supervise and manage the day-to-day operations of the Group’s businesses effectively;
  - (ii) Implement the Board’s policies and decisions on a timely manner;
  - (iii) Ensuring that the applicable rules and regulations for the conduct of 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;
  - (iv) Leading the development of the Group’s operations and businesses and recommending short and long-term strategies to the Board;

- (v) Ensure that enterprise risk management and internal controls policies are effectively implemented, reviewed and updated periodically for its relevance and effectiveness in order to safeguard the businesses, operations, financial position, assets and reputation of the Company;
  - (vi) Managing resources within budgets as approved by the Board;
  - (vii) Make periodic reports to the Board on the progress of the annual business plan, financial conditions, challenges faced in the Group's businesses and recommend solutions to address or mitigate the impact of such challenges;
  - (viii) Representing the Group as the key spokesperson with all stakeholders including investors, regulators and business partners;
  - (ix) Make recommendations to the Board for the strategic directions and sustainable growth of the Group's businesses to enhance long term shareholders' value.
  - (x) Developing an organisational structure and to establish process and system to ensure the efficient utilisation of resources;
  - (xi) Assessing all business opportunities which are potentially beneficial to the Group;
  - (xii) Serving as a focal point for stakeholders' communication and engagement on corporate governance issues.
  - (xiii) In implementing the policies, strategies and decisions adopted/approved by the Board, the MD shall be assisted and supported by ED, CFO and head of department ("**HOD**") of the management team in discharging his responsibilities.
- d) All Board authorities conferred on management is delegated through the MD and such delegation will be considered as the MD's authority and accountability in so far as the Board is concerned.

### **3.4 Responsibilities of Individual Directors**

For the Board to be effective, it is pertinent for its members to understand and appreciate their roles and responsibilities. This serves as a key control mechanism to ensure that the Board functions objectively, independently and effectively. Generally, a Director's responsibilities include:

- (i) to be aware of the Group's operating environment, key challenges, opportunities and promote safety and soundness of the Group;
- (ii) to be diligent in undertaking his duties and avoid any conflict of interest;



- (iii) to be able to exercise judgement independently in decision making and provide sound and objective guidance and advice;
- (iv) to understand his oversight role, duty of care, exercise reasonableness and diligence to the Company, its shareholders and other stakeholders;
- (v) to objectively make due enquiries on the management;
- (vi) to devote adequate time and attention to discharge his duties and responsibilities effectively; and
- (vii) to actively contribute to the functions of the Board and be able to provide relevant expertise to the Board.

The Board comprises of Executive Directors who as employees of the Company is involved in the day-to-day management of the Group whilst Non-Executive Directors who is not an employee of the Company.

Generally, Executive Directors assist the Board in decision-making process through their technical expertise and knowledge of the business and its industry and, with the assistance of management, guide the Board in facilitating the orientation of new Directors and Director's training and development.

Non-Executive Directors can be categorised as members who:

- have no direct or indirect monetary interest in the Company other than their Directors' emoluments and their permitted shareholdings in the Company;
- are not employees of the Company or affiliated with it in any other way and are not involved in the day-to-day running of business but may have a monetary interest in the Company, whether direct or indirect; or
- are not employees of the Company but are standing as nominees for substantial shareholders.

During meetings of the Board and Board committees, the Non-Executive Directors, shall, amongst others:

- Question intelligently, debate constructively, challenge rigorously and decide dispassionately.
- Need to be sound in judgement and to have an inquiring mind.
- Act as a bridge between management, shareholders and other stakeholders. They should provide the relevant checks and balances, focusing on shareholders' and

other stakeholders' interests and ensuring that high standards of corporate governance are applied.

The key responsibilities of Non-Executive Directors, amongst others, are as follows:

- (a) advising and directing management in the development and evaluation of strategy;
- (b) scrutinising the performance of management in meeting agreed goals and objectives and monitoring the reporting of performance;
- (c) satisfying themselves that the financial information presented is accurate; and
- (d) reviewing the risk management and internal control systems to ensure that they are robust and defensible.

When an Independent Director is appointed by the Board as a Senior Independent Director, the roles of the Senior Independent Director include the following:

- (i) serves as a sounding board to the Chairman;
- (ii) leads the performance evaluation of the Chairman;
- (iii) serves as an intermediary to the other Directors when necessary;
- (iv) point of contact for shareholders and other stakeholders particularly on concerns which cannot be resolved through the normal channels of the Chairman and/or MD;
- (v) ensures all Independent Non-Executive Directors have the opportunity to provide input on agenda, and advise the Chairman on quality, quantity and appropriateness of the information submitted by the management that is necessary for the Independent Non-Executive Director to perform their duties effectively;
- (vi) leads the succession planning and appointment of Board members, and oversee the development of a diverse pipeline for the Board and management succession, including the future Chairman and MD; and
- (vii) leads the annual review of Board effectiveness, ensuring that the performance of each individual Director is assessed objectively and holistically.

The Senior Independent Director shall act as the chairman for Board meeting(s) when the Chairman has to abstain from deliberation and voting on issues that he may have an interest or there is a potential conflict of interest situation.

### **3.5 Application**

- a) The principles set out in this Board Charter are to be applied in practice having regard to their spirit and general principles rather than the later alone.
- b) The Board endeavours to comply with the principles and practices set out in this Board Charter.
- c) In the event of conflict between this Board Charter and any law or regulation, the later shall take precedence over this Board Charter.

### **3.6 Review of the Board Charter**

- a) The Board (with the assistance of the Company Secretary) will review from time to time and if necessary, update or amend this Board Charter to ensure they remain consistent with the Board's objectives, prevailing rules, regulations, guidelines and best practices in corporate governance.
- b) This Board Charter is made available for reference on the Company's website.

## **4. COMPOSITION AND BALANCE OF THE BOARD**

### **4.1 Diversity, Size and Composition**

- a) The size of the Board shall not exceed the maximum number as provided in the Company's Constitution.
- b) The Board shall comprise of Directors who as a group (including at least 30% female representation), qualified with diverse set of skills, knowledge, expertise, experience, background, gender and perspective to safeguard that there is sufficient diversity and independence in providing a combination of core competencies such as finance, accounting, legal, business management, information technology, stockbroking, investment management and other technical skills that commensurate with the complexity, the size, the scope and operations of the Group.
- c) The Board shall not comprise of any member as defined under the MCCG such as "active politician" or holding any government positions such as head of state or minister.
- d) Independent Directors shall be persons of calibre and possessing the necessary skills and experience to bring independent and oversight judgement to ensure that decisions made by the Board remains objective, and that the interests of minority shareholders are addressed and are accorded with due consideration before decisions are arrived at.
- e) The Board shall have at least half of its members, comprise of Independent Directors.

- f) The Chairman of the Board shall be an Independent Director and shall not be a member of any Board committees.
- g) The Board shall approve appointment of additional Directors and recommend re-election of retiring Director(s) by rotation having considered the recommendation of the NC.

#### **4.2 Nomination, Appointment and Removal**

- a) Appointment of a new Director is a matter for consideration and decision by the full Board upon appropriate recommendation from the NC subject to the person complying with all relevant regulatory requirements such as the Companies Act 2016.
- b) Members of the NC shall undertake due process (including process as *guided by the MCCG*) to identify, evaluate the suitability of potential new director and recommend to the Board for final decision on the appointment. Amongst the due process to be adopted by the NC, shall include an assessment of the appropriate mix of diversity (gender, age and cultural background), skills, age, qualifications, credentials, experience and expertise required in the Board including utilising independent sources to identify suitably qualified candidates.
- c) The NC shall not consider potential candidates for the Board who are “active politician” or holding any government positions such as head of state or minister as guided under the MCCG or already holding more than 5 directorships in Malaysian listed companies.
- d) There is no age limit imposed on the appointment or reappointment of a Director unless require by any laws, regulation and guidelines.
- e) The Board shall ensure that the Notice of the AGM contain the information required to be disclosed under the Listing Requirements of the person(s) seeking appointment or reappointment and a statement by the Board as to why it support the appointment or reappointment of the person(s) to enable shareholders attending the AGM to make an informed decision.
- f) The Board may appoint a Senior Independent Director to whom shareholders’ concerns can be conveyed if there are reasons that contact through normal channels of the Chairman or the MD/ ED have failed to resolve shareholders’ concerns regarding the Group.
- g) The process of removal of Directors shall be in accordance with the provisions of the Companies Act 2016, Company’s Constitution and other relevant regulatory requirements.
- h) The Company Secretary shall ensure that legal, statutory and disclosure obligations for all new appointments, resignations and removal are adhered within the prescribed time.

#### **4.3 Commitment**

- a) A Director must not have competing time commitments that could impair his ability to discharge his duties effectively.
- b) Directors shall notify the Board before accepting any new directorship in a public company listed on Bursa Securities and all its subsidiaries. The notification should include an indication of time that will be spent on the new appointment(s).

#### **4.4 Re-election**

- a) In accordance with the Company's Constitution, all Directors appointed after the conclusion of the last AGM are subject to retirement and re-election by the shareholders at the next AGM.
- b) At least one-third (1/3) of the Directors are required to retire from office by rotation annually and if eligible, shall be eligible for re-election at each AGM.
- c) Member who is an "active politician or holding any government positions such as head of state or minister as guided under the MCCG shall not offer themselves for re-election upon their retirement by rotation.

#### **4.5 Board Independence**

The presence of Independent Directors in the Board ensures that views, consideration, judgment and discretion exercised by the Board in decision making remains objective and independent whilst assuring the interest of other parties such as minority shareholders are fully addressed and adequately protected as well as being accorded with due consideration.

#### **4.6 Tenure of Independent Director**

- a) The tenure of an Independent Director shall not exceed a period of more than nine (9) years.
- b) However, upon completion of the nine (9) years, the Independent Director may continue to serve the Board subject to the Director's re-designation as a Non-Independent Director.
- c) In the event if the Director is to remain designated as an Independent Director after nine (9) years, the Board shall first justify and seek shareholders' approval annually through a two-tier voting process.

#### **4.7 Evaluation of individual Directors, the Board as a whole and Board Committees**

- a) The Board recognises the importance of assessing the effectiveness of individual Directors, the Board as a whole as well as Board committees periodically.

- b) The NC is given the task to review and evaluate the individual Director's performance, the effectiveness of the Board as a whole and the Board committees on an annual basis. This is used as a tool to recognise the Board's strengths and identify gaps and areas for improvement for the Board, its committees and the individual Directors to assess their effectiveness and overall contributions.
- c) The evaluation which may involve external consultants if required by the NC, will be based on pre-determined criteria covering the following broad areas:
- Board diversity, structure and composition, operations and interactions;
  - Board's role and responsibilities;
  - Appropriateness and relevance of the Board Charter;
  - Relevance and effectiveness of terms of reference of Board committees;
  - Strategies and business planning;
  - Enterprise risk management and internal controls systems;
  - Measuring and monitoring performance of the management;
  - Remuneration and succession planning;
  - Understanding Board committees' role;
  - Shareholders' communication and investor relations; and
  - Engagement with relevant authorities e.g. the SC and Bursa Securities.
- d) In conducting the evaluation, considerations will be given to the competencies, commitment, contribution, effectiveness and performance, guided by the factors in G 6.1 of the MCCG.
- e) The NC's findings of the evaluation of the Board, its committees and individual Directors are to be compiled into a report and deliberated, first by the NC and subsequently by the Board as a whole.

## **5. BOARD MEETINGS**

### **5.1 Quorum**

- a) The quorum at any Board meeting shall be guided by the provisions of the Company's Constitution. As a guide for effectiveness, the quorum shall throughout the meeting be a minimum of 2 Directors.
- b) No business shall be transacted unless a quorum is present either in person or by video or telephone conferencing or other electronic mode throughout the proceedings of the meeting.

## **5.2 Frequency of Meetings and Attendance**

- a) The Board shall meet at least 4 times a year on quarterly basis in each financial year with additional meetings to be convened if necessary or as may be required by law or regulators to facilitate the discharge of their responsibilities. The Company Secretary shall in advance prepare and distribute to all Directors a timetable for the meetings for the year.
- b) Members of management who are not Directors, HOD may be invited to attend and speak at meetings on matters relating to their areas of responsibilities.
- c) A Director must attend at least 50% of the total Board meetings held in each financial year, failing which, the said Director shall vacate his office pursuant to Rule 15.05(3)(c) of the Listing Requirements.
- d) The number of Board meetings held in the year, as well as the attendance of every Director shall be disclosed in the Company's Annual Report.

## **5.3 Notice and Agenda**

- a) Notice of Board meeting, detail agenda and the supporting Board papers should be given to all Directors at least five (5) business days, or shorter notice where it is unavoidable, prior to the time appointed for the meeting
- b) Directors are expected to review in advance Board papers to facilitate meaningful deliberation during each meeting. The agenda shall include, amongst other things, matters specifically reserves for the Board's decision.
- c) The agenda shall address high-priority strategic and operational issues, where required, and the Chairman shall ensure that there is sufficient time for discussion.

## **5.4 Chairman's role in meeting**

In the absence of the Chairman, the members present shall elect a Chairman from amongst themselves to chair the meeting. The Chairman encourages constructive and healthy debate and allows the Directors to freely express their views or share information with their peers during deliberation as a participation Board.

## **5.5 Meeting Mode**

- a) The Directors may participate at a Board meeting or any Board committee meeting by conference telephone, video, electronic or such other communication facilities which would permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously. The physical presence of Director(s) is not compulsory and participation at such Board meeting in the aforesaid manner shall be deemed to constitute presence in person at such meeting. The Directors participating at any such Board meeting shall be counted in the quorum for such meeting.

- b) All resolutions agreed upon by the Directors at such a meeting shall be deemed to be as effective as a resolution passed at a meeting in person of the Directors duly convened and held. All information and documents must be made equally available to all participants prior to, at or during the Board meeting. The participation in a meeting by means of a conference telephone or similar electronic telecommunication device shall be treated with confidence, and he/she shall prevent any leakage of information/materials to any third party.
- c) Directors are expected to strictly observe confidentiality of Company information from any third party.

## **5.6 Directors' Written Resolution**

In the event that there are matters requiring Board's decision arise between Board meetings, such matters shall be resolved through written resolutions which shall be supported by relevant papers setting out details of the subject matter. Such written resolutions signed or approved by a majority of the Directors entitled to vote and sign on the resolution, if transmitted to the Company by any technology purporting to include a signature and/or an electronic or digital signature by the Director shall be as valid and effectual as if it were a resolution duly passed at a Board meeting. Such resolutions may consist of several documents in like form, each signed by one or more Board members.

## **5.7 Voting**

- a) All resolutions of the Board shall be adopted by a simple majority vote, each member having one vote. In the case of equality of votes, where two (2) Directors form a quorum, the Chairman of a meeting at which only such a quorum is present, or at which only two (2) Directors are competent to vote on the question at issue, shall not have a casting vote. Otherwise in the case of an equality of votes, the Chairman shall have a second or casting vote.
- b) Directors are required to inform the Board of conflicts or potential conflict of interest that they may have in relation to a particular subject matter or business transaction. These Directors shall abstain from deliberation and voting on those matters.



## **5.8 Minutes**

- a) Full minutes of each Board meeting are to be prepared and kept by the Company Secretary are to be made available for inspection by any Director during office hours.
- b) The Board must ensure that clear and accurate minutes of the Board meetings are maintained to record the decisions of the Board, including the key deliberations, rationale of each decision made, and any significant concerns or dissenting views. The minutes must indicate whether any Director abstained from voting or excused himself from deliberating on a particular matter.
- c) The minutes of the Board meetings shall also be made available for inspection by internal auditors or external auditors as well as relevant regulators, for purposes of their audits/inspection of the Company/Group.

## **5.9 Rights of the Board**

The Board has the right to the resources (including procuring the services of independent experts/advisers), whenever necessary and reasonable for the performance of its duties, at the cost of the Company and in accordance with a procedure to be determined by the Board, including but not limited to obtaining full and unrestricted access to:

- a) Any information pertaining to the Company and its subsidiaries;
- b) Any member of the management, Head of Internal Audit, Compliance and Risk Management and other employees; and
- c) The advice and services of the Company Secretary.

## **5.10. Supply of Information to the Board**

- a) The Company shall provide all Directors with timely, accurate and quality information and in a form and manner appropriate for the Directors to discharge their duties effectively. This shall include circulating the agenda and Board papers at least five (5) business days prior to any meeting of the Board or Board committees.
- b) Management is responsible for providing the Board with the required information in an appropriate, accurate and timely manner. The Chairman, assisted by the Company Secretary, assesses the type of information required to be provided to the Board. Should the information provided by the management is insufficient, the Board shall make further enquiries where necessary to which the officers responsible will response as fully and as promptly as practicable.

- c) The Board papers shall include amongst others, the following:
- Financial report (*monthly, quarterly or annual*);
  - Minutes of meetings of all committees of the Board;
  - Review of the operations of the Company and the Group, including internal audit, risks and compliance reports;
  - Reports of related party transactions and recurrent related party transactions of a trading and revenue nature;
  - Dealings in the Company's securities by the Directors;
  - Annual business plan, budget including major capital expenditure;
  - Notification of Directors' resolution in writing;
  - Important notifications, guidelines and other communications from the relevant regulators and the government; and
  - Any other matter that the management should reasonably construe as being relevant and important for the Board to be informed of in view of its potential impact on the Company and the Group either financially, legally or reputational.

## 6. BOARD COMMITTEES

- a) The Board has the right to establish specialised Board committees to oversee certain functional areas and address matters, which requires detailed review or in-depth consideration. The Board has formed the Nomination Committee, Remuneration Committee and the Audit and Risk Management Committee or any other committee(s) with the purpose, composition, functions and specific roles and responsibilities as set out in the respective terms of reference ("**TOR**").
- b) Although the Board delegates certain duties to such Board committees, it remains responsible for the decision of these committees. The Board committees would have the authority to examine particular issues within its TOR and report to the Board of their deliberations and recommendations for the Board's consideration and approval.
- c) The duties and powers delegated to these Board committees which set out in the TOR of each Board committee as approved by the Board are available on the Company's website at <https://www.mercurysecurities.com.my/>.
- d) The details of the composition, a summary of the TOR of each Board committee appointed by the Board and its major activities are to be disclosed in the Company's Annual Report as required under the Listing Requirements and other regulatory requirements.

### 6.1 Key Duties and Responsibilities of Chairman of Board Committees

- a) Provide leadership for the respective Board committee to fulfil the objectives the Board sets by delegating tasks, ensuring propagation of essential information, monitoring and reviewing the adequacy and timing of deliverables, facilitating

deliberations and the resulting decisions, and inculcate and promoting good corporate governance practices within the Company.

- b) Refers to the Company Secretary for guidance on the nature of the respective Board committees' responsibilities are under the rules and regulations to which they are subject and how those responsibilities should be discharged.
- c) The Chairman of the ARMC had been identified to be responsible for the oversight of the Company's Anti-Money Laundering, Whistleblowing and Anti-Bribery & Anti-Corruption policies and shall be notified accordingly on all pertinent decisions made in the course of dealing with the matter.

## **6.2 Expectations for Members of Board Committees**

- a) Provide individual independent opinions to the fact-finding, analysis and actively participate in the deliberations of the respective Board committee based on their experience, skills and knowledge.
- b) Consider viewpoints from the other members and make decisions or recommendations for the best interest of the Board collectively.
- c) Keep abreast with the latest best practices and guidelines on corporate governance in relation to the respective Board committees and the Board collectively.

## **7. BOARD PROFESSIONALISM**

### **7.1 Conflict of Interest**

Section 219 of the Companies Act 2016 imposes general duties for a director to make a written disclosure on several matters to the company within a stipulated time frame.

- a) Directors should be mindful of regulatory requirements on the issue of conflict of interest as stipulated in such as, the Companies Act 2016, Capital Markets and Services Act 2007, Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries, and the Listing Requirements.
- b) A Director shall disclose to the Board the nature and extent of his interest in a material transaction or material arrangement. If such material transaction or material arrangement is being deliberated during a Board meeting, the said Director should be absent from the meeting during the deliberations.
- c) An interested Director must make the disclosure by way of a written notice to all members of the Board and the Company Secretary:
  - (i) as soon as practicable after being aware of his interest in material transaction or arrangement; and

- (ii) if the material transaction or arrangement is being deliberated at a Board meeting, before the commencement of their deliberation.

## **7.2 Dealings in Securities Issued by the Company**

A Director must not deal in the Company's securities when he is in possession of price sensitive information. All Directors must also comply with the disclosure requirements as prescribed under Rule 14 of the Listing Requirements when dealing in the Company's securities.

## **8. DIRECTORS' REMUNERATION**

- a) The Company shall set a reasonable remuneration level which is adequate to attract and retain the Directors to lead the Group successfully, taking into consideration all relevant factors, including functions, frequency of meetings, workload, scope of duties and responsibilities.
- b) The level of the MD, ED, and other key responsible persons of the management shall be determined by the RC after considering compensation levels of comparable companies, achievement of KPIs RC's recommendation shall be tabled for approval by the Board.
- c) The remuneration of the Directors shall be disclosed in the Annual Report.
- d) Fees and benefits payable to Directors shall be tabled at AGM to enable shareholders' to vote for the resolution(s).
- e) The Board should table separate resolutions on the approval of the fees of each non-executive director at the AGM.

## **9. DIRECTORS' TRAINING AND DEVELOPMENT**

- a) The MD and other key responsible persons of the management shall arrange to brief newly appointed Director on amongst others, Company's mission, core values, nature of business, corporate strategy, organisation structure and business plans.
- b) The Company Secretary shall brief new Directors of this Board Charter, the Board committees and its TOR.
- c) Directors must ensure that they attend the relevant seminars and training programmes as may be prescribed by Bursa Securities from time to time to equip themselves with the knowledge to effectively discharge their duties as Directors.

- d) Individually, Directors are responsible for determining their continuous training needs to keep abreast of changes in both the regulatory and business environments as well as with new developments within the industry which the Group operates.
- e) The Board will assess the training needs of the Directors and ensure that Directors have access to continuing education programme.
- f) The Board shall disclose in the Annual Report the trainings attended by the Directors.

## **10. FINANCIAL REPORTING**

### **10.1 Adequate and Appropriate Disclosures**

- a) The Board has overall responsibility for the adequacy, quality and completeness of the financial statements of the Company and the Group.
- b) The Board has a duty to ensure that financial statements to be reported on a quarterly and annual basis within the prescribed regulatory timeframe are:
  - (i) prepared based on appropriate and consistently applied accounting policies;
  - (ii) supported by reasonably prudent judgment and estimates and in accordance to the applicable financial reporting standards; and
  - (iii) prepared so as to give a true and fair view of the financial conditions and cash flows of the Company and the Group.
- c) The Board shall ensure that financial reports announced periodically are presented in a clear and balanced assessment of the Company's financial conditions, management discussion and analysis on the performance and prospects of the Group.

### **10.2 Company's Auditors**

- a) The Board shall establish a formal, transparent and appropriate relationship with both the Internal Auditors and the External Auditors for considering how financial reporting and internal controls principles will be applied and for maintaining an appropriate relationship with them through the ARMC.
- b) The ARMC shall keep under review the scope and results of the audits and costs effectiveness and the independence, suitability and objectivity of the Internal Auditors and the External Auditors.

- c) In assessing the suitability, objectivity and independence of the External Auditors, the ARMC shall consider amongst others:
- The competence, audit quality and resource capacity of the External Auditors in relation to the audit;
  - The nature and extent of the non-audit services rendered by External Auditors and the appropriateness of the level of fees;
  - Obtaining 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; and
  - The assessment on the suitability, objectivity and independence of the audit firm should be conducted annually.
- d) The ARMC shall recommend to the Board for consideration and approval of engagement of the External Auditors and the Board shall recommend the reappointment of the retiring External Auditors for shareholders' approval at the AGM.
- e) The Board and the ARMC shall ensure that issues highlighted by the Internal Auditors and External Auditors are addressed independently, objectively and impartially without any undue influence of the management.
- f) The ARMC shall ensure that the objectives, scope, reporting, authority, accountability and responsibilities of Internal Audit functions of the Group as outlined in the Internal Audit Charter, achieve the intended outcome therein.

### **10.3 Internal Controls and Risk Management**

- a) The Board is responsible for maintaining a sound risk management and internal control systems, amongst others, to safeguard shareholders' interests, the Company's assets, promote an adequate and effective financial reporting system to enable financial statements prepared are accurate and complete reflecting the true and fair position and operational and regulatory compliance matters.
- b) The Board take cognizance that key risk factors, if not identified and adequately mitigated could have any adverse impact on, amongst others, the Company's position (financial and otherwise) regulatory compliance, financial reporting, operations and reputation.
- c) The Board shall on a regular basis, undertakes review to ascertain the adequacy, effectiveness and integrity of the internal control and risk management framework. In undertaking such tasks, the Board may engage relevant professionals to assist them.

- d) The Board shall adopt a structured risk management framework with discussions involving different levels of managements to identify, evaluate and mitigate key risks faced by the Group as a whole.
- e) 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 and the ARMC that the processes are relevant and implemented effectively across the whole organisation.
- f) The ARMC been entrusted by the Board to ensure effectiveness of the Group's internal control and risk management framework. The activities of the Internal Auditors are reported regularly to the ARMC which provides the Board with the required assurance in relation to the adequacy and integrity of the Group's system of internal controls and risk management.
- g) The Board recognises that identification and management of significant risks faced by the Company are important for the continued sustainability of the Company. The improvement of the system of internal controls is an on-going process and the Board shall undertake periodic review and evaluation to maintain and strengthen the Company's control and risk management environment and its policies and processes.

## **11. GENERAL MEETINGS**

### **11.1 Annual General Meetings**

- a) AGM remains as a principal forum used by the Group for communication and dialogue with shareholders and aims to ensure that AGM provides an important avenue and opportunity for effective engagement with and constructive feedback from the shareholders.
- b) Notice of AGM shall specify the place, day and hour of the meeting, and shall be given to the shareholders at least 28 days prior to the meeting to facilitate greater shareholders' participation. At least twenty-eight (28) days' notice of such meeting shall be given by advertisement in at least one (1) nationally circulated Bahasa Malaysia or English daily newspaper.
- c) Any notice of meeting called to consider special business, shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business to facilitate shareholders' understanding and evaluation to make an informed decision.
- d) No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business. For all purposes, two (2) members present in person or by proxy, or, in the case of corporations which are members, present by their representatives appointed pursuant to the provision of the Company's Constitution and entitled to vote shall be a quorum.

- e) All Directors to attend all general meetings of shareholders.
- f) During the AGM, shareholders are:
  - (i) accorded time and opportunity to query the Board on the resolutions being proposed and also on matters relating to the financial statements, performance, developments within and the future direction of the Group; and
  - (ii) encouraged to convey and share their views/inputs with the Board during the AGM.
- g) The Chairman and, where appropriate, the Managing Director and/or management shall respond meaningful to shareholders' queries during AGM. If time does not permit during the AGM, the Board should leverage on communication technology to continue communicate with the shareholders outside of the AGM.
- h) The Company Secretary shall records the deliberations between the Board and the shareholders and the minutes made available for inspection by shareholders and minutes of the AGM shall be circulated to shareholders not later than 30 business days after conclusion of the meeting.

## 11.2 General Meeting (“GM”)

- a) The Company may also convene a GM other than AGM to transact other businesses.
- b) The Board may whenever they think fit, convene a GM and shall on any requisitions by shareholders made in accordance with the provisions of the Companies Act 2016 (“**Act**”), to convene GMs or any other urgent matters requiring immediate attention of the Company.
- c) If the Company makes default in convening a GM in compliance with a requisition received pursuant to Section 311 of the Act, a GM may be convened by such requisitions in the manner provided in Section 313 of the Act. Any GM convened by requisitions shall be convened in the same manner, as nearly as possible, as that in which GMs are to be convened by the Directors.
- d) Subject always to the provisions of Section 323 of the Act, no business shall be transacted at a GM except business of which notice has been given in the notice convening the GM.
- e) The notices convening a GM shall specify the place, day and hour of the meeting, and shall be given to all shareholders at least fourteen (14) days before the meeting or at least twenty-one (21) days before the meeting where any special resolution is to be proposed. At least fourteen (14) days' notice or twenty-one (21) days' notice in the case where any special resolution is proposed of such meeting shall be given by



advertisement in at least one (1) nationally circulated Bahasa Malaysia or English daily newspaper.

- f) No business shall be transacted at any GM unless a quorum is present when the meeting proceeds to business. For all purposes, two (2) members present in person or by proxy, or, in the case of corporations which are members, present by their representatives appointed pursuant to the provision of the Company's Constitution and entitled to vote shall be a quorum.

## **12. INVESTORS RELATIONS**

- a) The Board values the importance of stakeholders and there is effective, transparent and regular communication with its shareholders, employees, potential investors, customers and the general public.
- b) The Board shall ensure that quarterly results, announcements of material information, Annual Reports and circulars which serve as primary means of dissemination of information are released on a timely and equitable manner so that the shareholders are constantly kept abreast on the Group's performance, progress and development.
- c) Encouraging full participation of shareholders at all AGMs to ensure a high level of accountability and discussion of the Group's long term strategies and goals.
- d) All Directors shall allow shareholders to raise questions and concerns directly to the Chairman of the ARMC, NC and RC or any other Directors to provide meaningful response to questions addressed to them.
- e) The Company will also invite the External Auditors to attend the AGM and be available to answer shareholders' questions about the conduct of the audit and preparation and content of the External Auditors' report.
- f) The Company will publish the minutes of AGM together with issues or concerns raised by shareholders and responses by the Company no later than 30 business days after the completion of the meeting, on the Company's website.
- g) The Company's corporate website serves as one of the most convenient ways for shareholders and members of the public to gain access to corporate information, news and events relating to the Group and continuously updated.
- h) The Board may engage professional to assist them on investors' relations activities provided that price sensitive information are disseminated on an equitable basis.

## **13. RELATIONSHIP WITH OTHER STAKEHOLDERS**

The Board also recognises the needs and interest of other stakeholders in addition to maximising shareholders' value.

### **13.1 Environment**

The Board takes cognisance of the need to safeguard and minimise the impact to the environment in the conduct of the Company's operations to achieve corporate and business objectives and supports initiatives on environment issues.

### **13.2 Social Responsibilities**

The Board takes cognisance of that the Company shall contribute towards the welfare of the community and society. The Company supports deserving and charitable causes and initiatives on community projects.

## **14. COMPANY SECRETARY**

- a) The Company Secretary shall be a person who is qualified pursuant to Section 235 of the Act.
- b) The Board is supported by a suitably qualified and competent Company Secretary who plays an important role to provide sound governance advice, ensure adherence to rules and procedures, and advocate the adoption of corporate governance best practices.
- c) The Board recognises the fact that the Company Secretary should be suitably qualified and capable of carrying out the duties required. Hence, the appointment and removal of the Company Secretary is a matter for the Board as a whole.
- d) All Board Members, particularly the Chairman, have unrestricted access to the advice and services of the Company Secretary for the purposes of the Board's affairs and the business.
- e) The roles and responsibilities of the Company Secretary are:
  - (i) Manage meeting logistic of all Board and Board committees as well as managing procedures of shareholders' meeting and facilitate communication amongst the Directors and shareholders.
  - (ii) Attend and ensure proper conduct and procedures at all Board Meetings, Board committees' meetings, AGM, EGM and any other meetings that require the attendance of Company Secretary and ensure that meetings are properly convened.
  - (iii) Advise the Board of its role and responsibilities, issues on corporate disclosure and compliance with company and securities regulations as well as Listing Requirements.
  - (iv) Monitor corporate governance developments and assist the Board in applying corporate governance practices to meet the Board's needs and stakeholders' expectations.

- (v) Facilitate the orientation of new Directors and assist in Director's training and development.
- (vi) Ensure that deliberations at the meetings are well captured and minuted, and subsequently communicated to the relevant management personnel for necessary actions.
- (vii) Circulate minutes of meetings to shareholders within 30 business days after conclusion of the meeting, after the minutes had been approved by the Board.
- (viii) Inform and keep the Board updated of the latest enhancement in corporate governance, changes in the legal and regulatory framework, new statutory requirements, Listing Requirements and best practices.
- (ix) Keep the Directors and principal officers informed of the closed period for trading in the Company's securities.
- (x) Ensure proper record and maintenance of the Company's proceedings, resolutions, statutory records, register books and other documents.
- (xi) Keep confidential the affairs of the Company, its Directors and officers and have adequate time to discharge duties effectively.

## **15. DIRECTORS' CODE OF ETHICS AND CONDUCT**

All the Directors of the Company shall be guided by and observe the provisions of the Directors' Code of Conduct and Ethics.