

INTRODUCTION

The Board of Directors (“the Board”) is accountable and responsible for the performance and affairs of Versatile Creative Berhad (the Company or “VCB”). All Board members are expected to act in a professional manner, upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.

The Board Charter sets out the Board’s role, functions, composition, operation and processes of the Board and to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as a Board.

ROLE AND RESPONSIBILITY OF THE BOARD

✓ Role

The role of the Board is to provide overall strategic guidance and oversight of management. The Board ensures that the activities of the Company comply with the Companies Act, 1965 and its constitution (i.e. the Article of Association), from which the Board derives its authority to act, and with all legal and regulatory requirements.

✓ Responsibilities

The Board has reserved to itself the following specific responsibilities:

a) Strategy

- Reviewing and adopting the overall strategic plans and programmes for the Company and Group
- Overseeing and evaluating the conduct of business of the Company and group
- Monitoring implementation of the strategy plan.

b) Oversight of management

- Appointment and removal of directors and company secretary
- Ensuring succession plans for key individual
- Ensure adequate resources and manage resources effectively
- Ensure senior management supplies the Board with information that will help the Board discharge its duties.

c) Shareholders

- Facilitating the effective exercise of shareholder’s rights
- Ensuring accountable reporting to shareholders and ensuring that all regulatory requirements are met.
- Ensure effective communication with shareholders and other stakeholders.

d) Stakeholders

- Maximising the shareholder value
- Establishing and maintaining environmental, employment and occupational, health and safety policy.

e) Ethics

- Formulating a code of ethics and conduct to guide its directors and management in practices necessary to maintain confidence in the Company integrity as well as ensuring its compliances.

f) Identification of principal risk

- Identify/understand the principal risks of all aspects of the Company's business
- Ensuring the implementation of appropriate internal controls and mitigation measures

g) Internal control system

- Reviewing the adequacy and the integrity of management information and internal controls systems of the Company and Group
- Ensure that there is a sound framework of reporting on internal controls and regulatory compliance

ROLE OF CHAIRMAN

- Responsible for the leadership, effectiveness, conduct and governance of the Board
- to lead the Board and ensure its effectiveness of all aspects of its role
- to ensure the efficient organization and conduct of the Board's function and meetings
- to facilitate the effective contribution of all Directors at Board meetings
- to promote constructive and respectful relations between Directors, and between the Board and Management; and
- to ensure effective communication with shareholders and relevant stakeholders.

ROLE OF MANAGING DIRECTOR / CHIEF EXECUTIVE DIRECTOR

- responsibility for the day-to-day management of the business and implementation of the Board's policies and decisions
- to ensure due execution of strategic goals, effective operation within the Company, and to explain, clarify and inform the Board on matters pertaining to the Company
- to develop and implement corporate strategies for the Group
- to supervise heads of divisions and departments who are responsible for all functions contributing to the success of the Group
- to ensure the efficiency and effectiveness of the operation for the Group
- to assess business opportunities which are of potential benefit to the Group; and

- to bring material and other relevant matters to the attention of the Board in an accurate and timely manner.

DELEGATION OF AUTHORITY

The Board delegates certain functions to the following Committees that it has established to assist in the execution of its responsibilities of the Group. The Board may establish other Committees from time to time as it considers appropriate to assist to carrying out its duties and responsibilities :-

- Audit Committee
- Nomination Committee
- Remuneration Committee

Each Committee shall operate under clearly defined terms of reference. The Committee are authorized by the Board to deal with and deliberate on matters delegated to them within its term of reference. The term of reference set forth the purpose, authority, responsibilities, membership and operations of the Committees.

The Chairman of the respective Committee will report to the Board the outcomes of the Committee meetings and such reports are incorporated in the Board papers.

The terms of reference of the respective Board Committees are as attached to this Board Charter under the Appendix I.

BOARD STRUCTURE

✓ Composition and Balance

The size of the Board is determined in accordance with the Company's M&A. The Company's M&A provides for a minimum of two (2) directors and maximum of twelve (12) directors. At any one time, at least two (2) or one-third (1/3), whichever is higher, of the Board members are Independent Directors.

The Board shall make up of members with wide range of required mix skills, experience and diversity backgrounds. There is a clear division of responsibilities at the head of the Company to ensure there is a balance of power decision making. The Board is led by the Chairman and the Executive Management of the Company is led by the MD. The independent Non-Executive Directors help to align objectives and provide independent judgement in the decision making of the Board, as well as to provide a capable check and balance for the MD.

The positions of Chairman and MD should be held by different individuals. The Chairman of the Board shall be an independent director. The Board must comprise a majority of independent directors where the Chairman of the Board is not an independent director.

The composition and size of the Board are reviewed from time to time to ensure its appropriateness.

✓ Tenure of Independent Director

The tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. The 9 years can either be a consecutive service of 9 years or a cumulative service of 9 years with intervals. Upon completion of the 9 years, an independent director may continue to serve on the board subject to the director's re-designation as a non-independent director. In the event the Board retains the said Director who has served in the capacity for more than 9 years as an independent director, the Board must justify and seek shareholders' approval subject to the assessment of the Nomination committee.

The senior Independent Director will attend to any query or concern raised by shareholders and shall be appointed as the Chairman of Nomination Committee.

✓ Appointments, Re-election and Re-appointment

a) Appointments to the Board

The board appoints its members through a formal and transparent selection process which is consistent with the Articles of Association of the Company. This process has been reviewed, approved and adopted by the Board.

The appointment of any additional Director is made when necessary and upon the recommendation of the Nomination Committee. In the process of nominating and appointing new Directors, due consideration is given to the appointee's industry experience and mix of expertise for an effective Board.

The Nomination Committee will develop, maintain and review the criteria to be used in the selection process and annual assessment of the Board; and the Company secretary will ensure that all the appointments are properly made, and that legal and regulatory requirements are complied with.

b.) Re-election and Re-appointment of Directors

In accordance with the Company's Articles of Association, all Directors appointed by the Board are subject to re-election by shareholders at the first Annual General Meeting after their appointment and one-third (1/3) of the Board, including the Managing Director is subject to retirement by rotation at each Annual General meeting. Each Director shall retire at least once every three (3) years but shall be eligible for re-election. The directors to retire each year are those who have been longest in office since their last election or appointment.

The Nomination Committee shall conduct annual assessments on the performance of each Director. The results of the review of individual Directors together with the recommendation by the Nomination Committee will be taken into account by the Board in determining the assessment of the Directors and also on the re-appointment/re-election of Directors by shareholders under the annual re-election provisions.

Directors who are of or over the age of seventy (70) years shall also retire from office and be eligible for re-appointment at the annual general meeting pursuant to Section 129(6) of the Companies Act, 1965.

✓ New Directorship

The Chairman or any Board members shall notify the Board in accepting any new directorship in listed company.

✓ Policy on gender diversity

The Company strives for gender diversity and inclusiveness in our Board. The goal is to have a Board that is gender balanced and to ensure that women are treated on the same basis as men in terms of the Board positions. This goal means having relatively numbers of Board of both genders in the Company, and most importantly, to have women, as well as men in board positions.

The Company will conduct an annual review of its gender diversity and will take action to rectify gender imbalances in a reasonable and timely manner.

BOARD PROCESS & MEETING PROCEDURES

The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit.

Notice

A Director or Secretary shall summon a meeting of Directors by giving them not less than seven (7) days' notice thereof unless such requirement is waived by them.

Frequency

Board meetings shall be held at least four (4) times a year at quarterly intervals, with additional meetings to be convened when urgent and important decisions are needed to be made between the scheduled meetings.

Agenda & Meeting Papers

A full agenda of the meeting and all Board papers, including complicated issues or specific matters, would be distributed at least 7 days in advance to ensure Directors are well informed and have the opportunity to seek additional information and are able to obtain further clarification from the Company Secretary, should such a need arise.

The Board meeting papers provided to the Directors include progress reports on business operations, financial results, information on business propositions, industry outlook, operational and regulatory compliance matters, corporate proposals besides minutes of the meeting of Board Committees. For corporate proposals deemed material and price-sensitive, supporting paper would be circulated to the Directors during the Board meeting.

Quorum

Pursuant to the Company's Articles of Association, the quorum of the Board Meeting may be fixed by the Directors (as the case may be) and unless so fixed at any other number shall be two (2). However, a Director shall not be counted in the quorum present at a meeting in relation to a resolution on which he/she is not entitled to vote.

Attendance at Board Meeting

The office of a Director shall become vacant if a Director is absent for more than six months without permission or leave of the Board from the meetings of the directors held during a financial year.

Management is invited to attend Board and Committee Meeting to provide inputs as and when necessary.

Voting

Question arising at any Board meeting 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 Directors.

Any Director who has a direct and/or indirect interest in the subject matter to be deliberated on shall abstain from deliberation and voting on the same.

In case of an equality of votes, the Chairman of the meeting shall have a second or casting vote. Save that where two Directors form a quorum, the Chairman of the meeting at which only such a quorum is present, or at which only two Directors are competent to vote on the question at issue, shall not have a casting vote.

Minutes

All proceedings from the Board meeting will be minuted and signed by the Chairman of the meeting.

Full Board minutes of each Board meeting are kept by the Company Secretary and are available for inspection by any Director during office hours.

Access to Information and Independent Professional Advice

The Company aims to provide all Directors with timely and quality information for them to discharge their duty effectively. The Management is responsible for providing the Board with required information in an appropriate and timely manner.

The full agenda and comprehensive Board papers are disseminated to all Directors in advance of meeting to enable them to prepare for the meeting.

At Board meetings, the Management presents and provides explanation on the reports provided. Senior Management and Consultants may be invited to attend the Board meetings to advise or give detailed explanation and clarification to enable Board to make informed decisions. Directors are entitled to have access, at all reasonable times, to all relevant Company information and to Management and have at least two (2) private sessions in a year with the external auditors.

The Directors, whether as full Board or individual capacity, may seek independent professional advice in furtherance of their duties. If such advice is considered necessary, it shall be first discussed with the Chairman and having done so, shall be free to proceed. Subject to the prior approval of the Chairman, the cost of the advice will be reimbursed by the Company but the Directors will ensure, so far as is practicable, that the cost is reasonable.

The Directors have unlimited access to the professional advice and services of the Company Secretary.

DIRECTORS COMMITMENT

Any Director of the Company is at liberty to accept other Board appointments so long as the appointment is not in conflict with the business and does not affect his performance as a director. This must be subsequently notified to the Chairman and Group Managing Director.

The Directors are guided by the requirements of the Main Market Listing requirements of Bursa Malaysia Securities Berhad on attendance of at least 50% of the Board Meetings held in a financial year and that directorships held by any Board member at any one time shall not exceed five (5) in listed companies.

DIRECTORS REMUNERATION

The policy on Directors' remuneration practised by the Company is to provide the remuneration packages necessary to attract, retain and motivate Directors of the quality required to manage the business of the Company and to align the interest of the Directors with those of the shareholders.

Fair remuneration is critical to attract and motivate Directors. The remuneration package should be aligned with the business strategy and long term objectives of the Company. Remuneration of the Board should reflect the Board's responsibilities, expertise and complexity of the Company's activities.

The Executive Directors' remuneration will depend on the performance of the Group and the achievement of the goals set at the beginning of each financial year, upon finalization of the ensuing year's budget.

In the case of Non-Executive Directors, the level of remuneration reflects the contribution and level of responsibilities undertaken by the particular Non-Executive Director.

DIRECTORS TRAINING AND DEVELOPMENT

In addition to the Mandatory Accreditation Programme as required by Bursa Malaysia Securities Berhad, the newly appointed director will be given induction training by the management of the Company to familiarize themselves with their responsibilities as Directors.

The Board shall devote sufficient time to carry out their responsibilities, regularly update their knowledge and enhance their skills to effectively discharge their duties as directors.

The Board shall continue to update their knowledge and enhance their skill through appropriate continuing education programme to keep them abreast of regulatory changes, other developments and broad business trends. The Directors may request that training programmes on specific subjects be arranged in order to facilitate them in discharging their duties effectively.

The Board shall assess the training requirement of the Directors from time to time to ensure the Board's efficiency.

FINANCIAL REPORTING

In presenting the annual financial statements and quarterly announcements to the shareholders, including other price sensitive public reports and reports submitted to regulators, the Board aims to present a balanced and understandable assessment of the Group's position and prospects.

The Board must ensure the Company's financial statement is a reliable source of financial information. In this context, the Audit Committee must, amongst others, ensure the Company's financial statements are prepared in accordance with the applicable approved accounting reporting standards.

The Audit Committee should also review and monitor the suitability and independence of external auditors. To provide support for assessment on independence, the Audit Committee will obtain written assurance from 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.

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. The Board recognises the fact that the Company Secretary should be suitably qualified and competent of carrying out the duties as required by the post. The appointment and the removal of the Company Secretary are subject to the approval of the Board. The Company Secretary shall report directly to the Board.

The specific responsibilities of the Company Secretary are as follows:

- Keep abreast of and advise the Board and Management on governance issues
- Ensure compliance of listing and related statutory obligations
- Attend Board, Committees and general meetings and ensure the proper recording minutes
- Ensure proper maintenance of statutory registers and records in accordance with the legal requirements

- Assist Chairman in the preparation for and conduct of meeting
- Update the Board on changes to listing rules, other related legislations and regulations.

ACCESS TO INFORMATION AND INDEPENDENT ADVICE

The Directors, collectively or individually may seek independent professional advice and information in the furtherance of their duties at the Company's expense, so as to ensure the Directors are able to make independent and informed decisions.

INTERNAL CONTROL AND RISK MANAGEMENT

Recognising the importance of risk management and internal controls, the Board has established a structured risk management framework to identify, evaluate, control, monitor and report the principal business risks faced by the Group on an on-going basis. The key features of the risk management framework are set out in the Statement on Risk Management and Internal Control as stated in this Annual Report.

The Board has established internal control policies and procedures and monitors to ensure that such internal control system is implemented and effectively carried out by the Management Team. The Group has place a policy that outlines the processes that should be followed to create policies, best practices, standards.

The Board performs reviews on an annual basis covering not only financial, but operational and compliance controls and risk management systems, in all material aspects. The Board is provided with reasonable assurance from the various reports submitted by Management and the Audit Committee on risk management and internal control system.

INVESTOR RELATIONS AND SHAREHOLDERS COMMUNICATION

The Company recognises the importance of communication with shareholders and views the general meetings of shareholders, particularly its annual general meeting as a crucial platform where the shareholders is given opportunity to meet and interact directly with the Board. The Annual Report of the Company will be distributed to all shareholders together with the notice of Annual General Meeting, of which the notice will also be advertised in the press and released to Bursa Malaysia.

At the general meetings, the Chairman notifies the shareholders of their right to demand for poll at the commencement of general meetings. The Board always takes initiative to encourage shareholder participation at the general meetings. The Board takes note of putting substantive resolutions to vote by poll and make the necessary announcement on the detailed results showing the number of votes cast for and against each resolution. The Company will employ electronic means for poll voting if necessary.

The Company will maintain an active dialogue with shareholders and to provide comprehensive updates on issues pertaining to the Group's strategy, performance and major developments. The Group also ensures that investment analysts, fund managers and potential investors are frequently updated through investor briefings, dialogues and interviews.

Members of the public can also obtain the full financial results and Company's announcement from the Bursa Securities's website.

While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, the Company is also wary of the legal and regulatory framework governing the release of material and price-sensitive information.

CODE OF ETHICS & CONDUCTS

Please refer to VCB code of ethics & conducts

CORPORATE SOCIAL RESPONSIBILITIES

The Company is committed to corporate sustainability and as a progressive, caring and responsible corporate citizen, promotes the well-being of the community, the development of the nation and protects the environment, through:-

- Medical care and aid for the poor, ill and under-privileged
- Staff birthday celebrations, festive celebration, sport activities were organised to promote the wellbeing of our employees.
- Grooming an expert workforce in packaging segment making through skills training that advances a professional career in the industry
- Safety, health and environmental initiatives to ensure our business operates in a responsible, sustainable and environmentally-friendly manner

REVIEW OF THE BOARD CHARTER

The Board Charter has been adopted by the Board on 23/02/2015. The Board Charter shall be reviewed periodically to re-assess its adequacy to ensure it is 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. The Board Charter may be amended by resolution of the Board.

The Board Charter is made available for reference of the Company's website at www.vc-b.com

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BOARD COMMITTEE’S TERMS OF REFERENCE

✓ Audit Committee

- a) To assess the adequacy and effectiveness of risk management, internal control and governance system instituted in the Group,
- b) To review the adequacy of the scope of the audits conducted by the Internal Auditors,
- c) To evaluate the external auditors’ audit plans, scope of their audits and their audit reports,
- d) To have at least two (2) private sessions in a year with the external auditors, without executive board members present.
- e) To review the performance of the external auditors and make recommendations to the Board of Directors on their appointment and remuneration,
- f) To review internal and external audit reports to ensure that remedial actions are taken by management on significant lapses in controls and procedures that are identified,
- g) To review the means of safeguarding assets and as appropriate, verify the assistance of such assets,
- h) To review the systems established to ensure compliance with those policies, plan, procedures, laws and regulations, which could have a significant impact to operations,
- i) To review the quarterly and annual financial statements of the Group for recommendation on the Board of Directors for approval, focusing particularly on:
 - Changes in or implementation of new accounting policies and practices
 - Significant and unusual events
 - The going concern assumption
 - Compliance with the applicable approved accounting standards and other legal and regulatory requirements
 - The reliability and integrity of financial and operating information and the means used to identify, measure, classify and report such information,
- j) To review related party transactions and conflict of interest situation that may arise within the Group,
- k) Such other matters as the Committee considers appropriate or as authorised by the Board of Directors.

✓ Nomination Committee

- a) Recommend and consider candidates proposed to the Board for the appointment of Chairman, Managing Director, Executive Director and Non-Executive Director; taking into consideration the candidates’ qualification, character, skills, knowledge, expertise, experience, professionalism, integrity, competence and time commitment
- b) Recommend to the Board, Directors to fill the seats on the Board Committee

- c) Assessing the effectiveness of the Board as a whole, the Board Committees and contribution of each Director through the evaluation process
- d) Establish a formal transparent procedures for appointment of new Directors to the Board and make recommendations which include establishing selection criteria, assessing and evaluating suitable candidate against selection criteria and Boards' requirements
- e) Ensuring the Board has an appropriate balance of required expertise and skills/abilities needed to direct and control the Company towards achieving its intended goals and objectives
- f) Annually review on behalf of the Board, the required mix of skills, experience and other qualities, including core competencies, which Non-executive Directors should bring to Board, independence and diversity required to meet the needs of the Company
- g) Such other matters as the Board may from time to time determine.

✓ Remuneration Committee

- a) To review and recommend to the Board the terms of engagement and the remuneration packages of Executive Directors
- b) To review the performance of the Executive Directors
- c) To review and recommend to the Board the revisions and improvements of remuneration packages, fringe benefits, perquisites and bonuses as considered appropriate for the Group's Executive Directors
- d) Such other matters as the Board may from time to time determine.

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