

SAM Engineering & Equipment (M) Berhad
(Company No. 298188-A)

Board Charter

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1 Preamble

The enhancement of corporate governance is vital toward the achievement of the objectives of transparency, accountability and effective performance for SAM Engineering & Equipment (M) Berhad (“SAMEE” or “the Company”) and its subsidiaries (“the Group” or “SAMEE Group”).

This Board Charter (“Charter”) is established for the following objectives:

- (a) to enshrine the concepts of good governance as promulgated in the Malaysian Code of Corporate Governance 2017 (“MCCG”);
- (b) to serve as a reference point and guidance for the Board and Management but not be construed as a blueprint for Board operations; and
- (c) to provide clarity for the Board, the Board’s Committees and Management with regard to their roles, duties and operating practices.

This Charter does not intend to overrule or pre-empt the statutory requirements of Directors as enshrined in the Companies Act, 2016, the Income Tax Act 1967 and other relevant laws and regulations, including the conduct of the Board as stipulated in the Articles of Association which is the Constitution of the Company.

To the extent of that any conflict arises between the terms of this Charter and the Constitution, the Constitution shall prevail.

2 Interpretation

2.1 In this Charter:

“AC”	means the Audit Committee.
“AGM”	means Annual General Meeting.
“Board”	means the Board of Directors of the Company.
“Bursa Securities”	means Bursa Malaysia Securities Berhad.
“Business”	means the business of the Group.
“Chairman”	means the Chairman of the Board and is used in a gender neutral sense.
“Charter”	means this Board Charter.
“Committees”	means the committees (inclusive of the AC, NRC and the RSC) established by the Board.
“Company Secretary”	means the Board secretary (ies) or the person(s) normally exercising the functions of a Board secretary.
“CEO”	means Chief Executive Officer of the Company.
“CFO”	means Chief Financial Officer of the Company.
“Directors”	means the executive and non-executive directors of the Company inclusive of the Independent Director.
“EGM”	means Extraordinary General Meeting.

“Independence Tenure”	has the same meaning as set out in paragraph 6.6.2.
“Independent Director”	has the same definition as set out in Paragraph 1.01 of the Listing Requirements.
“Listing Requirements”	means the Main Market Listing Requirements of Bursa Securities.
“Management”	means the management personnel of the Company and is inclusive of the CEO and the CFO.
“MCCG”	means the Malaysian Code of Corporate Governance 2017.
“NED”	means the non-executive directors of the Company.
“NRC”	means the Nominating and Remuneration Committee.
“RSC”	means the Risk and Sustainability Committee.
“SAMEE” or the “Company”	means SAM Engineering & Equipment (M) Berhad.
“SAMEE Group” or the “Group”	means the subsidiaries of SAM Engineering & Equipment (M) Berhad.
“Shareholders”	mean the shareholders of the Company.

3 Objectives of the Board

The Board is accountable to Shareholders and is responsible for the stewardship of the Group’s Business and affairs on behalf of the Shareholders. Significantly, the Board shall seek to ensure that the Business objectives are aligned with the expectations of Shareholders as a whole with a view to enhancing long-term Shareholders’ value whilst taking into account the interests of other stakeholders and maintaining high standards of transparency, accountability and integrity.

Additionally, the Board has to warrant that the operations of the Group are effectively managed in a manner that is focused to those Business objectives, conformity with regulatory and ethical requirements, and maintenance of high standards of transparency, accountability and governance.

4 Company Goal

The Company has in place a Vision and Mission and is guided by certain Core Values which the organisation strives towards. It subscribes to values of good governance and responsible corporate conduct/behaviours and aims to achieve excellence in its business, operational and corporate dealings.

The Vision of the Company is to be a strong and competitive Original Equipment Manufacturer (OEM) and supplier of equipment and components within the engineering industry.

The Mission of the Company, which is not exhaustive in nature, are set out below:

- (a) Being the envy of the Company’s competitors and pride of the Company’s shareholders;
- (b) Being committed to customers’ needs;
- (c) Being one that thinks out of the box in achieving customers’ needs;

- (d) Sustaining a “Value Creation” working environment that attracts the right and proper talents whose interests are aligned with the goals and successes of the Company;
- (e) Creation of areas of excellence through the Core Values; and
- (f) Being a responsible corporate citizen.

5 Role of the Board

- 5.1 The Board’s role is to provide leadership of the Group within a framework of prudent and effective controls which enables risk to be assessed and managed and to make decisions on reserved matters as set out in **Appendix A**.
- 5.2 The Board has delegated certain responsibilities to committees which operate in accordance with this Charter and delegated the day to day management of the Business to Management with an agreed authority limit.
- 5.3 The principal responsibilities of the Board including those adopted from the MCCG are:
 - (a) reviewing and adopting a strategic plan for the Group to ensure sustainability of its business and Group operations by including strategies in economic, environment and social considerations and to ensure that the strategic plan of the Company supports long-term value creation;
 - (b) overseeing the conduct of the Group’s Business to evaluate whether the Business is being properly managed notwithstanding that the subsidiaries have separate board of directors;
 - (c) identifying principal risks, and ensuring the implementation of appropriate internal controls and mitigation measures;
 - (d) review, challenge and decide on the Management’s proposals for the Company, and monitor its implementation by the Management;
 - (e) succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing Board members and senior management;
 - (f) developing and implementing an investor relations programme or shareholder communications policy for the Group and ensure the Company also has in place procedures to enable effective communication with other stakeholders;
 - (g) reviewing the adequacy and the integrity of the Group’s risk management, internal control systems and management information systems, including systems / reporting framework for compliance with applicable laws, regulations, rules, directives and guidelines;
 - (h) determining the remuneration of non-executive Directors, with the individuals concerned abstaining from discussions of their own remuneration;
 - (i) ensuring that the Company’s financial statements are true and fair and otherwise conforms with the laws; and
 - (j) together with senior management, promote good corporate governance culture within the Company, ensuring that the Company adheres to high standards of ethics and corporate behaviour.

- 5.4 In overseeing the conduct of the Group's business, the Board shall ensure that an appropriate financial planning, operating and reporting framework as well as an embedded risk management framework is established. Elements under this combined framework include the Business Plan, the budget, financial statements, divisional strategic/performance reviews reports and risk management reports.

6 Board Structure

6.1 **Board Balance and Composition**

- 6.1.1 The Board should reasonably be of a size and composition with the benefit of variety of perspective and skills that is conducive to effective decision making and effective discharge of its roles and responsibilities for the benefit of the Group and its Business.

The Board shall from time to time examine its size with a view to determine the impact of its number upon its effectiveness.

- 6.1.2 The appointment of a new member to the Board (as well as for those who retire and offer themselves for re-appointment or re-election) is only made after consultation with the NRC (as defined herein) and it is of importance to the Board that to ensure high levels of professional skills and appropriate personal qualities (relevant skills, experience, expertise and time commitment) are pre-requisites for such nominee.

Without limiting the generality of the foregoing, the qualifications for Board membership are the ability to make informed Business decisions and recommendations, an entrepreneurial talent for contributing to the creation of Shareholders value, relevant experience, the ability to appreciate the wider picture, ability to ask probing operational related questions, high ethical standards, sound practical sense and total commitment to furthering the interests of Shareholders and the achievement of the goals of the Group.

- 6.1.3 The Board recognises the significant contributions by Directors who are capable and willing to make Business decisions and judgement in the best interest of the Group and free from influences which would give rise to conflict of interest with that duty and are also independent of Management. The Board decision making process should be of independence and objectivity. If the Chairman is an Independent Director, at least two (2) or one-third (1/3), whichever is higher, of the Board shall comprise of Independent Directors. If the Chairman is not an Independent Director, the Board shall comprise a majority (more than half) of Independent Directors. Independent Director shall have the meaning as defined in the Paragraph 1.01 of the Listing Requirements.
- 6.1.4 The Board recognises the need for the composition to reflect a range of skill mix and expertise. High levels of professional skills and appropriate personal qualities are pre-requisite for directorships. The appointment of Board and senior management should therefore be based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.
- 6.1.5 The Board should use a variety of approaches and sources to ensure that it is able to identify the most suitable candidate.

- 6.1.6 The Board recognises the need for an appropriate balance between executive Directors who possess extensive direct experience and expertise in the core Business activities of the Group, and non-executive Directors who have outstanding track records and reputation attained at the highest levels of Business and commerce generally, and who are able to bring to the Board a board range of general commercial expertise and experience.
- 6.1.7 The Board also recognises the importance of having a clearly accepted division of power and responsibilities at the head of the Company to ensure a balance of power and authority. It is the policy of the Board to keep the roles of the Chairman and the CEO separate.
- 6.1.8 The Board may, if necessary, identify and appoint from amongst its members, a Senior Independent Non-Executive Director whose role is to act as-
- a sounding board for the Chairman;
 - an intermediary for other directors when necessary; and
 - the point of contact for shareholders and other stakeholders.

The name of the Senior Independent Non-Executive Director will be disclosed in the Annual Report of the Company.

- 6.1.9 The Board is mindful of the recommendation for Board diversity and, under this circumstance, the NRC shall ensure that women candidates are sought during its recruitment exercise and consider gender diversity in its recommendation to the Board.

The Board is of the opinion that there is no need for a formal gender diversity policy as the Group is committed to provide fair and equal opportunities and nurturing diversity within the Group. Evaluation of suitability of any candidate is based on the non-exhaustive criteria as stipulated in 6.1.2 to ensure that the candidate bring value and expertise to the Board.

The Board has set out a Board Diversity Policy under **Appendix B** to guide the composition of the Board to ensure that the Board mix is appropriate to optimise Board performance and align Board capabilities with Group strategic direction.

6.2 **Role of the Chairman**

- 6.2.1 The Board will appoint a Chairman from amongst the Directors, who is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board.
- 6.2.2 The Chairman carries out a leadership role in the conduct of the Board and its relations with the shareholders and other stakeholders. The Chairman is primarily responsible for:
- (a) leading the Board in the oversight of management to ensure that the Board perform its responsibility effectively;
 - (b) acting as chief spokesperson and representative of the Board;
 - (c) representing the Board to shareholders and chairing general meeting of shareholders;

- (d) ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole;
- (e) ensuring the adequacy and integrity of the governance process and issues;
- (f) maintaining regular dialogue with the CEO or such relevant member of Management over all operational matters and consulting with the remainder of the Board promptly over any matters that gives him/her cause for major concern to optimise the effectiveness of the Board and its Committees;
- (g) leading Board meetings and discussions, functioning as a facilitator at meetings of the Board to ensure that no member, whether executive or non-executive, dominates discussion, that appropriate discussions takes place and that relevant opinions among members is forthcoming. The Chairman will ensure that discussions result in logical and understandable outcomes;
- (h) ensuring, as much as possible, that the Directors participate in Board activities. This includes ensuring that all relevant issues are on the agenda and that all Directors receive timely, relevant information tailored to their needs and that they are properly briefed on issues arising at Board meetings;
- (i) ensuring that executive Directors look beyond their executive function and accept their full share of responsibilities of governance and provide regular updates on all issues pertinent to the welfare and future of the Group to the Board;
- (j) guiding and mediating Board actions with respect to organisational priorities and governance concerns;
- (k) undertaking the primary responsibility for organising information necessary for the Board to deal with items on the agenda and for providing this information to Directors on a timely basis; and
- (l) performing other responsibilities assigned by the Board from time to time.

6.2.3 The positions of the Chairman and CEO are to be held by two (2) different individuals to promote accountability and facilitate division of responsibilities between them. In this regard, no one (1) individual can influence the Board's discussions and decision-making. Generally, the Chairman would lead the Board in its collective oversight of management, while the CEO focuses on the business and day-to-day management of the Company.

6.2.4 The Chairman may delegate specific duties to the Directors, Board and / or Committees as appropriate.

6.3 **Expectation of each member of the Board**

- 6.3.1 Each member of the Board shall commit the time to attend at least 50% of all Board meetings during his/her tenure in office for the financial year.
- 6.3.2 Where such member of the Board is also a member of a Committee, that member is also expected to attend at least 50% of all Committee meetings during his/her tenure in office for the financial year.
- 6.3.3 Any unattended meeting shall be supported with appropriate leave of absence notified to the Chairman of the Board or relevant Committee (as the case may be).

- 6.3.4 Each Director shall commit to provide his relevant expert advice with proper skill, care and diligence in the best interest of the Company.
- 6.3.5 Each Director shall abide by the all duties and responsibilities of a director as prescribed under Subdivision 3 of Division 2 of the Act and the Bursa Malaysia Securities Berhad Main Market Listing Requirements.

6.4 **Role of the CEO**

- 6.4.1 The position of the CEO, in essence, is to ensure the effective implementation of the Group's Business Plan (including strategic plan) and policies established by the Board as well as to manage the daily conduct of the business and affairs to ensure its smooth operation.
- 6.4.2 The CEO jointly with the Chairman, is accountable to the Board for the achievement of the Group's mission, goals and objectives and the CEO is solely accountable to the Board for the observance of limitations applicable to Management.
- 6.4.3 At each scheduled meeting, the Board should expect to receive from or through the CEO:
 - (a) summary reports on the performance and the activities from the Company's subsidiaries and specific proposals for capital expenditure and acquisitions and disposals in accordance with the Discretionary Authority Limits as set out under **Appendix C**; and
 - (b) such assurances as the Board considers necessary to confirm that the management limitations are being observed.
- 6.4.4 The CEO is expected to act within all specific authorities delegated to him or her by the Board. The delegation is subject to and limited by, the terms of this Charter including matters reserved for decision by the Board and any specific limitations on authority imposed by the Board from time to time.
- 6.4.5 The responsibility of the CEO should be stated in an agreed job description. That notwithstanding, the CEO is generally responsible for the following, which is not exhaustive in nature:
 - (a) management of the Group's business covering, inter alia, the development of a strategic plan; an annual operating plan and budget; performance benchmarks to gauge management performance against and the analysis of management reports;
 - (b) develop long-term strategic and short-term profit plans, designed to ensure that the Group's requirements for growth, profitability and return on capital are achieved;
 - (c) direct and control all aspects of the business operations in a cost effective manner;

- (d) oversee the human resources of the Group with respect to key positions in the Group's hierarchy, makes recommendations to the Board for recruitment of senior management staff, determination of remuneration as well as terms and conditions of employment for senior management and issues pertaining to discipline;
 - (e) ensure that the Group's financial reports present a true and fair view of the Group's financial condition and operational results and are in accordance with the relevant accounting standards;
 - (f) assure the Group's corporate identity, products and services are of high standards and are reflective of the market environment;
 - (g) be the official spokesman for the Company and responsible for regulatory, governmental and business relationships;
 - (h) ensure compliance with governmental procedures and regulations;
 - (i) coordinate business plans with the business heads, coordinates management issues through the Board, and oversees divisional function groups and cost containment process in consultation with the CFO;
 - (j) maintain and facilitate a positive working environment and good employee relations;
 - (k) assist in the selection and evaluation of Board members through the NRC; and
 - (l) assist the Chairman in organising information necessary for the Board to deal with the agenda and for providing this information to Directors on a timely basis.
- 6.4.6 In discharging the above responsibilities, the CEO has the authority to delegate appropriate functions to relevant departments or divisions of the Management or such key personnel thereof, in assisting the CEO to properly discharge of his/her responsibilities. The delegation of functions by the CEO does not diminish the accountability of the CEO to the Board.

6.5 **Role of the Non-Executive Directors**

- 6.5.1 The roles of the NED primarily covers the monitoring of the Group performance and contributing to the development of Group strategies as outlined below:
- (a) Strategy: provide constructive commentaries and contribute to the development of Group strategies;
 - (b) Performance: oversee the performance of Management in meeting pre-set objectives and targets and monitor the reporting of performance.
- 6.5.2 The NED acts as a link between Management, Shareholders and other stakeholders. They should provide the relevant checks and balances and ensuring that high standards of corporate governance are applied whilst taking into consideration the interests of the Shareholders and other stakeholders.

6.6 Tenure of Directors

- 6.6.1 Pursuant to the Company's **Constitution**, all Directors must retire once at least every three (3) years but shall be eligible for re-election.
- 6.6.2 Pursuant to the MCCG, the tenure of an Independent Director should not exceed a cumulative term (whether continuous in nature or with intervals) of nine years ("**Independence Tenure**").
- 6.6.3 Upon completion of the Independence Tenure, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a non-independent Director.
- 6.6.4 In the event that the Board is satisfied that an Independent Director should be reappointed as such beyond the Independence Tenure the Board shall seek annual shareholder approval to retain the said Director as an Independent Director beyond the Independence Tenure.

For avoidance of doubt, the Board (or vide the NRC or such other Committee as instructed by the Board) should undertake a rigorous review in determining whether the 'independence' of an Independent Director, who intends to or is subject to be reappointed beyond the Independence Tenure, has been impaired. Such findings from the review should be disclosed to shareholders for the purpose of enabling them to make an informed decision.

- 6.6.5 In the event the Board intends to continue retaining the Independent Director after the completion of his/her twelfth (12th) year of service as an independent Director, the Board should provide justification and seek annual shareholders' approval through a two-tier voting process as guided by the MCCG, as follows: -

Tier 1: Only the Large Shareholder(s) of the Company votes

Tier 2: Shareholders other than Large Shareholder(s) votes

For this purpose, a "Large Shareholder" means a person who –

- (a) is entitled to exercise, or control the exercise of, not less than 33% of the voting shares in the Company;
- (b) is the largest shareholder of voting shares in the Company;
- (c) has the power to appoint or cause to be appointed a majority of directors of the Company; or
- (d) has the power to make or cause to be made, decisions in respect of the business or administration of the Company, and to give such effect to such decisions or cause them to be given effect to.

The decision for the resolution is determined based on the vote of Tier 1, and a simple majority of Tier 2. If there is more than one Large Shareholder, a simple majority of votes determine the outcome of the Tier 1 vote.

The resolution is deemed successful if both Tier 1 and Tier 2 votes support the resolution.

The resolution is deemed defeated where the vote between the two tiers differs or where Tier 1 voter(s) abstained from voting.

6.6.6 The tenure of the Executive Director is tied to their executive office.

6.7 **Company Secretary**

6.7.1 The appointment and removal of the Company Secretary is a matter for the Board as a whole. The Board recognises the fact that the Company Secretary should be suitably qualified and competent to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

The role and responsibilities of the Company Secretary include, but are not limited to the following:

- (a) preparing agendas and coordinating the preparation of the Board papers;
- (b) advising the Board on its roles and responsibilities;
- (c) ensuring that Board procedures and applicable rules are observed;
- (d) maintaining records of the Board and ensure effective Management of organisation's records;
- (e) preparing comprehensive minutes to document Board proceedings and ensure conclusions are accurately recorded;
- (f) disseminating information on a timely basis to relevant to Directors' roles and functions and keeping them updated on new or evolving regulatory requirements;
- (g) advise the Board on corporate disclosures and compliance with company and securities regulations and Listing Requirements;
- (h) assisting the communications between the Board and Management;
- (i) providing full access and services to the Board and carrying out other functions deemed appropriate by the Board from time to time;
- (j) manage processes pertaining to the annual shareholder meeting;
- (k) monitor corporate governance developments and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectations; and
- (l) serve as a focal point for stakeholders' communication and engagement on corporate governance issues.

6.8 **Board Committees**

6.8.1 The Board reserves the right to establish Committees from time to time in the discharge of its duties and responsibilities. The existence of the Board Committees does not diminish the Board's responsibilities for the affairs of the Group where the delegation of power shall be subjected to the approved terms of references and are in accordance with this Charter.

- 6.8.2 Where a Committee is formed, specific terms of reference of the committee would be established to serve as a guidance note which covers matters such as the purpose, composition and functions of the committee.
- 6.8.3 Members of the Committees are expected to participate actively at meetings and be knowledgeable about purpose, process and goal of the said Committees.
- 6.8.4 The following standing committees with written terms of reference have been established:

(a) **Audit Committee**

The AC assists in fulfilling the Board's stewardship accountability to its Shareholders and financial stakeholders. It shall provide assurance to the Board with quality and reliable financial information and are responsible for the accuracy and integrity of the Group financial reporting.

The AC is also responsible for reviewing and recommending risk management policies and strategies for the Group and thus, assists the Board in fulfilling its oversight responsibility on risk management.

The terms of reference of the AC is attached under **Appendix D**.

(b) **Nominating and Remuneration Committee**

The NRC oversees matters relating to the nomination of new Directors, annually reviews the required mix of skills, experience and other requisite qualities of Directors as well as the annual assessment of the effectiveness of the Board as a whole, its Committees and the contribution of each individual Director as well as identify candidates to fill board vacancies, and nominating them for approval by the Board.

The NRC is also responsible for recommending to the Board the remuneration of Executive Directors and Non-Executive Directors in all its forms, drawing from outside advice if necessary. The terms of reference of the NRC is attached under **Appendix E**.

(c) **Risk and Sustainability Committee**

The RSC oversees the identification, monitoring and control of all risks faced by the businesses within the Group. It is responsible for reviewing and recommending risk management policies and strategies for the Group and thus, assists the Board in fulfilling its oversight responsibility on risk management. The RSC advise on the Group's sustainability report and provides assurance to the Board that risk control measures and mitigation actions and the effectiveness of the Group's Sustainability Policy are in existence and are being continually reviewed.

The terms of reference of the RSC is attached under **Appendix F**.

6.9 **The Board's Relationship with Shareholders and Stakeholders**

- 6.9.1 The Board shall maintain an effective communications policy that enables both the Board and Management to communicate effectively with its shareholders, stakeholders and the general public.
- 6.9.2 It is the responsibility of the Board to ensure that the AGM and EGM of the Company are conducted in an efficient manner and serves as a crucial mechanism in shareholder communications. Key ingredients behind this include the supply of comprehensive and timely information to shareholders and the encouragement of active participation at the general meetings. The Board will focus its efforts to abide by the following best practices to enhance the effectiveness of the general meetings:
- (a) ensure that shareholders are given sufficient notice and time to consider the resolutions that will be discussed and decided at the General Meeting;
 - (b) all directors would commit to attend the General Meeting of the Company in order to provide an opportunity for the shareholders to effectively engage with each Director;
 - (c) ensure that each item of special business included in the notice to be accompanied by a full explanation of the effects of the proposed resolution;
 - (d) for re-election of Directors, ensures that the notice of meeting state which Directors are standing for election or re-election with a brief description to include matters such as age, relevant experience, list of directorships, date of appointment to the Board, details of participation in board committee and the fact that a particular Director is independent;
 - (e) ensure that the Chairman notifies the Shareholders, at the onset of the general meetings, of their right to demand poll vote;
 - (f) ensure that all resolutions in relation to related party transactions are considered by poll and to announce the detailed results of the votes cast for and against in each instance;
 - (g) ensure that the Chairman provides reasonable time for discussion at the meeting. Where appropriate and if required, the Chairman will also undertake to provide written answer to any significant question which cannot be answered immediately; and
 - (h) conduct a business presentation with a question and answer session, where appropriate and if required.
- 6.9.3 The Chairman and or CEO shall take responsibility for addressing queries from Shareholders, stakeholders and analysts. In the performance of this responsibility, the Chairman and or CEO shall be mindful of the regulatory requirements pertaining to price sensitive information.
- 6.9.4 **Appendix G** contains The Corporate Disclosure Policy which provides detailed guidance on communication with Shareholders and other stakeholders.

7 Board Processes

Board Meetings shall be conducted in a Business-like manner where all Directors are encouraged to share their views and partake in discussions. No one person should dominate the discussion. The Chairman, assisted by the Company Secretary, shall play a mediator's role to maintain the order of the proceedings in a constructive, productive and effective manner.

7.1 Frequency

- 7.1.1 The Board should meet regularly, at least on a quarterly basis. Special Board meetings should be held in addition to the quarterly meetings as and when required. Prior notice of meetings will be given to all who are required to attend the meetings.
- 7.1.2 Board members are required to attend the Board meetings and attendance of each individual Director in the meetings held in a financial year is required to be disclosed in the Annual Report. Other senior officers / Management who can provide additional insight into matters under discussion or appear to be persons with potential who should be given exposure to the Board may be invited to attend for particular items within their responsibility. The Board may also invite external parties such as the auditors, solicitors and consultants as and when the need arises.
- 7.1.3 Additional formal Business is dealt with as required, whether by physical, videoconferencing or telephonic meetings, as well other electronic meetings defined in the Articles of Association of the Company. All notices, resolutions, attendance, transactions, quorums and votes obtained through electronic means shall be deemed valid and effective unless it contravenes the requirements of relevant statutes and regulations.
- 7.1.4 All meetings of the Board will be conducted in accordance with the Constitutions of the Company and applicable laws.
- 7.1.5 The Chairman of the Board, or in his absence, a Director from amongst Board members present shall be appointed to preside at all meetings.
- 7.1.6 The quorum for Board meetings is two (2) members present in person.
- 7.1.7 All Board decisions shall be made through consensus. In the event consensus could not be reached, it shall be decided by a majority of votes and in the event of equality of votes, the Chairman shall have a second or casting vote in accordance with the Company's Articles of Association
- 7.1.8 Any issues which arise between meetings can be resolved through circular resolutions subsequent to the Board being apprised of the issues. These circular resolutions shall be valid and effective if approved by majority Directors in any written form – letter, telex, facsimile or telegram. Such discussion, including any concerns raised and the rationale for the decision shall be tabled at the following Board meeting for formal record keeping.

7.2 Agenda

- 7.2.1 The notice of a Directors' meeting should be given in writing at least seven (7) days prior to all Board meetings except for cases of emergencies. Notices may be sent through any means of tele-communication in permanent written form as prescribed in the Company's Constitution.

7.2.2 A well prepared board agenda will enhance the Board's productivity and strengthen its strategic and supervisory role. The Chairman, in conjunction with the executive Director and the Company Secretary, shall undertake the primary responsibility for preparing the Board's agenda. The agenda shall include, amongst others, matters specifically reserved for the Board's decision. Due consideration should be given to items for inclusion, sequence of items, estimated time required for each item as well as the necessary board papers needed to be provided to the Board including items to be sent in advance. In the case of sensitive and confidential information, these board papers may be circulated just prior to the Board meeting. The Board shall record its deliberation, in terms of the issues discussed, and the conclusions thereof in discharging its duties and responsibilities.

7.2.3 At least one regularly scheduled Board meeting per year shall be substantially focussed on review, discussion and approval of corporate strategies. All significant corporate strategies shall be reviewed and approved by the Board.

7.3 Meeting Papers

7.3.1 As a matter of best practice and to allow ample time for Directors to consider the relevant information, Board papers and agenda items are to be circulated at least seven (7) days prior to the meeting or a shorter period when unavoidable. It is recommended that where there is a need to table a report, a brief listing of findings and/or recommendations is prepared.

7.3.2 The minutes of Board meetings shall be prepared within fourteen (14) days following a Board meeting and shall be circulated in draft form. The draft minutes shall be re-circulated together with the Board papers at the following Board meeting in readiness for approval. The practice is for minutes to record processes and decisions rather than a historical narrative of the discussion. If one or more Directors request their opinion to be noted, the Company Secretary shall comply with the request.

7.4 Access to Information and Independent Professional Advice

7.4.1 All Directors (executive and non-executive) have the same right of access to all information within the Group whether as a full Board or in their individual capacity, in furtherance of their duties and responsibilities as Directors of the Company, subject to a formal written request, through an Information Request Form appended as **Appendix 1**, to the Chairman furnishing satisfactory and explicit justification for such request.

7.4.2 Board members and or Company Secretary are expected to notify the Executive Directors before contacting any members of the Management on any matters.

7.4.3 A record of submissions, papers and materials presented to the Board, is maintained and held by the Company Secretary together with minutes of meetings, and is accessible to Directors.

- 7.4.4 All Directors should have access to the advice and services of the Company Secretary. The Board should recognise that the Chairman is entitled to the strong and positive support of the Company Secretary in ensuring the effective functioning of the Board.
- 7.4.5. The full Board or in their individual capacity, in furtherance of their duties, shall be able to obtain an independent professional advice at the Company's expenses provided that such Director shall justify his action and obtain written approval from the Board.
- 7.4.6. Subject to prior approval of the Chairman, the cost of the advice will be reimbursed by the Company but the Director will ensure, so far as is practicable, that the cost is reasonable.

7.5 Induction Process

- 7.5.1 The objective of the induction process is to provide Directors with a rapid and clear insight into the Group as well as keeping them abreast with development in the market place pertaining to the oversight function of Directors. This will enable the Directors to discharge their duties and responsibilities effectively.
- 7.5.2 Induction of Directors may include, but not limited to, the following:
 - (a) time with other Directors, in particular the Chairman, the Company Secretary and, if the Independent Director is a functional specialist, his or her counterpart;
 - (b) furnishing of a copy of the previous board minutes for at least the past six (6) months; the Business/strategic plan, pertinent Management reports; profile of key competitors and significant reports by Management consultants on areas of board responsibilities;
 - (c) visits to key sites (including overseas locations, if the Business is strongly international); and
 - (d) a formal 1 to 2 days induction programme, including the elements above, and also presentations from various divisions on their strengths, weaknesses and ambitions.

7.6 Directors' External Commitments and Conflict of Interest

- 7.6.1 The Company's Constitution stipulate that a Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare his interest in accordance with the provisions of the Companies Act, 2016. The Director concerned shall not participate in deliberations and shall abstain himself from casting his votes in any matter arising thereof unless otherwise as provided for in the Constitution of the Company.
- 7.6.2 Should there be an actual, potential or perceived conflict of interest between the Company or a related corporation and a Director, or an associate of a Director such as a spouse or other family members, or a related company, the Director involved shall make full disclosure and act honestly in the best interest of the Company.

- 7.6.3 An actual, potential or perceived conflict of interest shall not necessarily disqualify an individual Director from the Board provided that full disclosure of the interest has been made in good faith and with due honesty.
- 7.6.4 The Company Secretary shall aid the annual independence and conflict of interest self declaration by the Directors.
- 7.6.5 The Company shall ensure that its Board members have the character, integrity, experience, competence and time to effectively discharge their roles.
- 7.6.6 The Board members shall ensure that they dedicate sufficient time to carry out their roles and responsibilities. Each Director shall provide such a commitment at the point of appointment. Each Director is also required to commit to attend at least 50% of the Board meetings held annually.
- 7.6.7 A Director of the Group or Company shall hold not more than five (5) directorships in public companies listed on the Bursa Securities. Prior to accepting any new appointment, Directors shall notify the Chairman in writing and this shall include an indication of time that will be spent on the new appointment.

8 Representation of the Company

- 8.1 The Board looks to the CEO, working together with the Chairman, to speak on behalf of the Group and to manage the communication of information to investors, other stakeholders and the public in an orderly and effective manner while adhering, at all times, to relevant laws and regulatory requirements with reference to the Company's Corporate Disclosure & Communication Policy.
- 8.2 Non-executive Directors should as far an extent as possible, avoid commenting on the Company to external audiences. This is to avoid confusion and to ensure that the Board speaks in one voice.
- 8.3 The Group shall use information technology in its communication with Shareholders and other stakeholders. The usage shall include a dedicated section for Corporate Governance under the Investor Relations heading on the Group's corporate website. This dedicated section shall provide updated information such as quarterly financial statements, Board Charter and Annual Report, amongst others.

9 Remuneration of the Directors

- 9.1 The Executive Directors shall receive remuneration that is recommended by the Remuneration Committee.
- 9.2 The NEDs will be paid a basic fee for their role as Directors of the Company subject to shareholders' approval at general meetings. In addition, they will also receive fees for attendance at meetings and for the responsibilities undertaken on Committees.
- 9.3 The remuneration and incentives for Independent Directors shall not conflict with their obligation to bring objectivity and independent judgement on matters discussed at Board's meetings.

- 9.4 The remuneration for all Directors shall be approved by the Board with the Directors concerned abstaining from participating in the discussion of his individual remuneration. Remuneration payable shall be in line with the Directors' Remuneration Policy as set out under **Appendix H**.

10 The Company's Constitution and Management's limits

- 10.1 The Board operates pursuant to the powers and is subject to rules in the Constitution of the Company as adopted by shareholders in general meeting.
- 10.2 The Management is expected to act within all specific authorities delegated to it by the Board as outlined under **Appendix C** for Discretionary Authority Limits. Nevertheless, the Board is still charged with the responsibility for the exercise of such power by the delegate as if such power had been exercised by the Directors themselves. This responsibility can be negated only when:
- (a) the Board believed on reasonable grounds that the delegate would exercise the delegated powers in conformity with the Companies Act, 2016 and the Constitution of the Company; and
 - (b) the Board believed on reasonable grounds, in good faith and after making a proper inquiry that the delegate (where necessary) was reliable and competent in relation to the powers delegated.
- 10.3 The Management is expected to act within all specific authorities delegated to it by the Board as outlined under **Appendix C** for Discretionary Authority Limits. The Management is expected not to cause or permit any practice, activity or decision that is contrary to commonly accepted good business practice or professional ethics.

11 Revisions to the Board Charter

The Board Charter shall be reviewed by the Board as and when necessary to ensure its relevance in aiding the Board to discharge its duties and responsibilities vis a vis the changes in corporate laws and regulations that may arise from time to time.