



# **SAPURA RESOURCES BERHAD**

Registration No. 195701000235 (3136-D)

## **BOARD CHARTER**

Dated: 29 April 2025

## **TABLE OF CONTENTS**

<b>A.</b>	<b>OBJECTIVE OF THE CHARTER.....</b>	<b>1</b>
<b>B.</b>	<b>DUTIES AND RESPONSIBILITIES OF THE BOARD.....</b>	<b>1</b>
<b>C.</b>	<b>BOARD MEMBERSHIP GUIDELINES .....</b>	<b>5</b>
	1. Composition.....	5
	2. Senior Independent Non-Executive Director.....	5
	3. Independence.....	5
	4. Nomination and Appointment .....	7
	5. Role of Chairman.....	8
	6. Separation of functions between the Chairman and the Chief Executive Officer.....	8
	7. New Board Members.....	10
	8. Shareholdings by Board Members in the Company.....	10
	9. Board Appointment in Other Companies.....	10
<b>D.</b>	<b>BOARD STRUCTURES AND PROCEDURES.....</b>	<b>11</b>
	1. Board Committees.....	11
	2. Board Meetings .....	11
	3. Access to Information .....	13
	4. Access to Independent Professional Advice.....	13
	5. Conflict of Interest.....	13
	6. Continuing Development and Training.....	13
	7. The Company Secretary.....	14
<b>E.</b>	<b>RELATIONSHIP OF THE BOARD WITH MANAGEMENT.....</b>	<b>15</b>
	1. Position of Chief Executive Officer .....	15
	2. Accountability of Chief Executive Officer.....	15
	3. Management Authorities.....	16
<b>F.</b>	<b>REMUNERATION OF THE BOARD .....</b>	<b>16</b>
<b>G.</b>	<b>ASSESSMENT OF THE BOARD .....</b>	<b>16</b>
<b>H.</b>	<b>RELATIONSHIP AND COMMUNICATION BETWEEN THE BOARD AND SHAREHOLDERS, INSTITUTIONAL INVESTORS, PRESS, CUSTOMERS, ETC.....</b>	<b>17</b>
<b>I.</b>	<b>REVIEW OF BOARD CHARTER .....</b>	<b>17</b>

## **A. OBJECTIVE OF THE BOARD CHARTER**

The objective of this Board Charter is to ensure that the Board of Directors ("**Board**") acting on behalf of Sapura Resources Berhad ("**SRB**" or "**the Company**") is aware of their fiduciary duties and responsibilities as members of the Board and the various legislations and regulations affecting their conduct, the need to safeguard the interests of the shareholders, customers and all other stakeholders and that the highest standards of Corporate Governance are applied in all their dealings on behalf of the Company.

The Board Charter<sup>1</sup> serves as a source reference to the Board for matters relating to the Board's organisation. It sets out the duties, roles and responsibilities of the Directors of SRB in accordance with the Malaysian Code on Corporate Governance 2021. It will also assist the Board in the assessment of its own performance and of its individual Directors.

The powers and authority of the Board are derived from the Company's Memorandum and Articles of Association, the Companies Act 2016 and the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**").

The Board Charter is also to provide the guidance on the powers between the Chairman and the Chief Executive Officer ("**CEO**") and between the different Board Committees established by the Board and the Management.

The Board Charter sets out the processes and procedures for convening of Board Meetings. The Board should periodically review and publish the Board Charter on the corporate website.

## **B. DUTIES AND RESPONSIBILITIES OF THE BOARD**

The business and affairs of the Company shall be managed by, or under the direction of, the Board<sup>2</sup>. The Board has all the powers necessary for managing, directing and supervising the management of the business and the affairs of the company subject to any modification, exception or limitation contained in the Companies Act 2016 or in the Memorandum and Articles of Association of the Company.

The Board is primarily responsible for providing oversight and stewardship of the Company and its subsidiaries (collectively known as the "**Group**"). The Board is to ensure the protection and enhancement of shareholders' value and safeguarding the stakeholders' interests including securing sustainable long-term financial results, with proper social and environmental considerations. Hence, the Board should collectively have sound and sufficient knowledge as well as expertise to enable effective governance and oversight.

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<sup>1</sup> Practice 2.1 of the MCCG

<sup>2</sup> Section 211 of the Companies Act 2016

A Director shall at all times exercise his/her powers for a proper purpose and in good faith in the best interest of the Company and shall act honestly and use reasonable care, skill and diligence in the discharge of the duties of his/her office<sup>3</sup> and shall not make use of any information acquired by virtue of his/her position to gain directly or indirectly an improper advantage for himself/herself or for any other person or to cause detriment to the Company.<sup>4</sup>

A Director shall at all times, avoid conflict of interest, and shall as soon as practicable after the relevant facts have come to his/her knowledge, declare the nature of his/her interest at a meeting of the Directors of the Company. A Director who is any way interested in a contract entered into or proposed to be entered into by the Group shall be counted only to make the quorum but shall not participate in any discussion while the contract or proposed contract is being considered during the meeting and shall not vote on the contract or proposed contract<sup>5</sup>. The MMLR further provides that a Director with any interest, direct or indirect, must abstain from board deliberation and voting on the relevant resolution in respect of the related party transaction.<sup>6</sup>

The Board understands that it is responsible for good corporate governance and therefore it is committed to apply the principles and best practices stated in Malaysian Code on Corporate Governance 2021 (“**MCCG**”).

In line with Practice 1.1 and Guidance 1.1 of the MCCG, the Board has the following major responsibilities, which facilitate the discharge of the Board’s stewardship in the pursuit of the best interest of the Company:-

1. Promote good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour.
2. Review, challenge and decide on Management’s proposals for the Group, and monitor its implementation by Management.
3. Review and approve corporate plan for the Group which includes the corporate strategy and strategic plan for the Group.
4. Ensure that the strategic plan of the Group supports long-term value creation and includes strategies on economic, environmental and social consideration underpinning sustainability.
5. Review and approve strategic initiatives including corporate business restructuring.
6. Supervise and assess Management’s performance to determine whether the business is being properly managed.

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<sup>3</sup> Section 213(1) of Companies Act 2016.

<sup>4</sup> Section 218 of the Companies Act 2016.

<sup>5</sup> Section 221 of the Companies Act 2016.

<sup>6</sup> Paragraph 10.08(6) of the MMLR

7. Identify principal risks and set the Group's risk appetite within which the Board expects Management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial crisis and the implementation of appropriate systems to manage these risks.
8. Ensure that there is a sound framework for internal controls and risk management.
9. Understand the principal risks of the Group's business and recognise that business decisions involve the taking of appropriate risks.
10. Ensure that senior management has the necessary skills and experience, and there are measures in place to provide for the orderly succession planning of the Board and senior management.
11. Ensure that the Group has in place procedures to enable effective communication with stakeholders.
12. Ensure the integrity of the Group's financial and non-financial reporting.
13. Ensure highest standard of ethical conduct, integrity and accountability in all business activities and operations and this include adopting a zero-tolerance policy towards any form of bribery and corruption.
14. Ensure the governance of sustainability in the Group which includes setting the Group's sustainability strategies, business plans, priorities and targets.<sup>7</sup>
15. Ensure that sustainability to be considered when overseeing the planning, performance and long-term strategy of the Group.<sup>8</sup>
16. Review the adequacy and integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.
17. Review and approve the financial statements which includes the Audited Financial Statements and quarterly reports, dividend policy, credit facilities from financial institutions and guarantees.
18. Review and approve the Board Audit Committee Report and the Statement on Risk Management and Internal Control for disclosure in the Annual Report.

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<sup>7</sup> Practice 4.1 MCCG

<sup>8</sup> Guidance 4.1 MCCG

19. Provide an overview of the application of the Principles set out in the MCGG in the Corporate Governance Overview Statement and disclose the application of each Practice set out in the MCGG during the financial year in the Corporate Governance Report in compliance with the MMLR for disclosure in the Annual Report.
20. Establish Board Committees, whenever necessary.
21. Evaluate, approve and monitor the annual budget and business plan.
22. Evaluate and approve the major capital expenditure, capital management and all major corporate transactions.
23. Approve the appointment, resignation or removal of Company Secretaries.

In the normal course of events, day-to-day management of the Company will be in the hands of Management and under the stewardship of the CEO and such delegations are subject to the Limits of Authority (“**LOA**”) which clearly delineates relevant matters and applicable limits, including those reserved for the Board’s approval and those which the Board delegate to the CEO and Management. Key matters reserved for Board’s approval include but not limited to<sup>9</sup>:-

1. Annual budget;
2. Business plan;
3. Dividend Policy;
4. Business Continuity Plan;
5. New issuance of securities;
6. Business restructuring;
7. Material acquisitions and dispositions of assets not in the ordinary course of business;
8. Corporate strategic matters which include but not limited to acquisition of business/companies, investment of business/companies, divestment of business/companies, investment overseas, equity ventures, merger;
9. Authority levels;
10. Policies;
11. Announcement to Bursa Securities for financial results, corporate exercise, Annual Reports, Circular to Shareholders;
12. Treasury Policies – financing and borrowing;
13. Contract for more than RM3 million;
14. Letter of Undertaking for more than RM3 million;
15. Conflict of interest relating to a substantial shareholder or a director;
16. Increase or reduction of share capital;
17. Incorporation of new company within the Group;
18. Appointment of new Directors;
19. Remuneration packages for Board members, Board Committee Members; and
20. Appointment of external auditors and their related fees.<sup>10</sup>
21. Conflict of Interest issues involving the Directors, Key Senior Management and Legal Representative of SRB.

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<sup>9</sup> Practice 1.2 of the MCGG

<sup>10</sup> Paragraph 15.21 of the MMLR

The Directors have independent access to the advice of the Company Secretary<sup>11</sup> in ensuring the effective functioning of the Board. The Directors may also seek advice from the Management on issues under their purview. The Directors may also interact directly with, or request information or updates, on any aspect of the Company's operations or business concerns from the Management.

## **C. BOARD MEMBERSHIP GUIDELINES**

### **1. Composition**

#### **Size and Mix of Skills**

The Articles of Association of the Company provides for a minimum of two (2) Directors and a maximum of nine (9) Directors.

The Board composition is reviewed from time to time in accordance with the requirements of the company.

At least two (2) Directors or one third (1/3) of the Board, whichever is higher, shall be Independent Directors as defined in the MMLR.<sup>12</sup> In addition, Practice 5.2 of the MCCG recommended that at least half of the Board shall comprise of Independent Directors.

For the effective functioning of the Board, the positions of Chairman and CEO should be held by different individuals. To the extent where practicable, the Chairman must be a non-executive member of the Board.

The Board is responsible to determine the appropriate size and composition of the Board having regard to the mix of skills, independence, competencies and diversity (including gender diversity). In reviewing the size and composition of the Board, the Board shall consider, amongst other things:-

- i) The nature, size and complexity of the Group; and
- ii) The efficiency and effectiveness of the Board, balancing the need to have sufficient skills and expertise to fulfil the needs of the Board and all its Board Committees with the need to maintain a Board size where all Directors can participate and contribute.

### **2. Senior Independent Non-Executive Director**

The Board shall also appoint from amongst its Board members an Independent Non-Executive Director to be called Senior Independent Non-Executive Director ("**SID**"), to whom concerns from the other Directors, staff, members of the public or investors may be conveyed. Inquiries or complaints about decisions or actions taken by the Group should be addressed to the SID.

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<sup>11</sup> Practice 1.4 of the MCCG

<sup>12</sup> Paragraph 15.02(1) and (2) of the MMLR

The SID shall have the specific responsibilities which include, to;-

- i) To act as a sounding Board for the Chairman;
- ii) To act as an intermediary for other Directors when necessary;
- iii) The point of contact for shareholders and other stakeholders; and
- iv) To serve as the principal conduit between the Independent Directors and the Chairman on sensitive issues.

### 3. Independence

An Independent Director means a Director who is independent of Management and free from any business or other relationship which could interfere with the ability to act in the best interest of the Company.<sup>13</sup> An independent director does not have any direct or indirect pecuniary interest in the Company other than the remuneration for their services as members of the Board and Board Committees of the Company.

An independent director is one who:

- a) [deleted]
- b) Has not been within the last three (3) years and is not an officer (except as a non-executive director) of the Company. "Officer" has the meaning given in Section 2 of the Companies Act 2016 but excludes a Director who has served as an independent Director in any one or more of the Company for a cumulative period of less than twelve (12) years;
- c) Is not a major shareholder of the Company;
- d) Is not a family member of any executive director, officer or major shareholder of the Company;
- e) Is not acting as a nominee or representative of any executive director or major shareholder of the Company;
- f) Has not been engaged as an adviser by the Company under such circumstances as prescribed by Bursa Securities or is not presently a partner, director (except as an Independent Director) or major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to the Company under such circumstances as prescribed by Bursa Securities;
- g) Has not engaged in any transaction with the Company under such circumstances as prescribed by Bursa Securities or is not presently a partner, director or major shareholder, as the case may be, of a firm or corporation (other than subsidiaries of the Company) which has engaged in any transaction with the Company under such circumstances as prescribed by Bursa Securities; or
- h) Has not served as an independent director in any one or more of the Company for a cumulative period of more than twelve (12) years from the date of this first appointment as an independent director.

In relation to paragraph (f), a person who is proposed to be or is an Independent Director ("**said Director**") is disqualified from being an Independent Director if he:

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<sup>13</sup> Paragraph 1.01 of the MMLR

- i) had personally provided professional advisory services to the Company within the last two (2) years; or
- ii) is presently a partner, director (except as an independent director) or major shareholder, of a firm or corporation ("**Entity**") which has provided professional advisory services to the Company within the last two (2) years,

and the consideration in aggregate is more than 5% of the gross revenue on a consolidated basis (where applicable) of the said Director or the Entity or RM1 million, whichever is the higher.

As prescribed under Practice 5.3 of MCCG, the tenure of an independent director does not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the Board as a non-independent Director. If the Board intends to retain an Independent Director beyond nine years, it should justify and seek annual shareholders' approval through a two-tier voting process.

The role of Independent Directors is to provide independent assessment judgement, experience and objectivity without being subordinated to operational considerations.

The Independent Directors will ensure that the interest of all shareholders, and not only the interest of a particular group, are indeed taken into consideration by the Board and that relevant issues are subjected to objective consideration by the Board.

The Independent Directors will also evaluate the performance and wellbeing of the Company without any conflict of interest or the undue influence of interested parties, with the aim to improve corporate credibility and governance standards.

The Independent Directors also plays a vital role in risk management.

#### **4. Nomination and Appointment**

The appointment of a new Director is a matter for consideration and decision by the Board upon appropriate recommendation from the Board Nomination and Remuneration Committee ("**BNRC**"). The BNRC should be chaired by an Independent Non-Executive Director or the SID,

The screening and evaluation process for potential new Directors and Directors to be nominated for re-election are delegated to the BNRC.

In making the selection, the Board as assisted by the BNRC, also considers the following aspects:-

- i) Probity, personal integrity and reputation – the person must have the personal qualities such as honesty, integrity, diligence, independence of mind and fairness.

- ii) Competence and capability – the person must have the necessary skills, ability and commitment to carry out the role.
- iii) Financial integrity – the person must manage his/her debts or financial affairs prudently.
- iv) In the case of candidates for the position of Independent Non-Executive Directors, the candidates' ability to discharge such responsibilities/ functions as are expected from Independent Non-Executive Directors shall be evaluated.

On the appointment of a new Director, the new Director is required to commit sufficient time to attend to the Company's meetings and matters before accepting his/her appointment to the Board.

The Board shall be responsible for recommending its members for re-election by the shareholders. Independent Non-Executive Directors are required to confirm their independence periodically while they remain in office.

## **5. Role of Chairman**

The Chairman represents the Board to the shareholders. The Chairman is responsible for the leadership of the Board and controls the orderly and effective functioning of the Board. The Chairman ensures the integrity and effectiveness of the governance processes of the Board and shall consult with the Board promptly over any matter that gives him cause for major concern.

The Chairman of the Board is an Independent Non-Executive director.

The Chairman shall act as a facilitator at meetings of the Board and ensure that no Board member, whether executive or non-executive, dominates the discussion, and that appropriate discussion takes place and opinions among Board members are forthcoming.

The key roles and responsibilities of the Chairman include:-<sup>14</sup>

- i) Provides leadership for the Board so that the Board can perform its responsibilities effectively;
- ii) Sets the agenda for the Board meetings and ensures that Board members receive complete and accurate information in a timely manner;
- iii) Leads Board meetings and discussions;
- iv) Encourages active participation and allows dissenting views to be freely expressed;
- v) Manages the interface between Board and Management;

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<sup>14</sup> Practice 1.2 of the MCCG

- vi) Oversees the Board in the effective discharge of its fiduciary duties;
- vii) Presides at Board and general meetings of the Company and ensures that all relevant issues are on the agenda with the assistance of the Senior Management and Company Secretary;
- viii) Manages Board communications and Board effectiveness and effective supervision over the CEO;
- ix) Facilitates good decision-making during Board and shareholders' meetings;
- x) Provides reasonable time for discussion of complex and contentious issues, and ensures all discussions include the collective views of all Board members;
- xi) Ensures Board proceedings are in compliance with good conduct and best practices;
- xii) Ensures effective communication with shareholders and relevant stakeholders and that their views are communicated to the Board as a whole;
- xiii) Leads the board in establishing and monitoring good corporate governance practices in the Company; and
- xiv) Ensures that every Board resolution is put to a vote to ensure the will of the majority prevails.

The Chairman of the Board should not be a member of the Audit Committee, the Nomination or Remuneration Committee.

## **6. Separation of functions between the Chairman and the CEO**

The position of the Chairman and the CEO are held by different individuals.<sup>15</sup> The roles of the Chairman and CEO are distinct and separate. The distinct roles of the Chairman and the CEO, with a clear line of responsibilities is to ensure that there is a balance of power and authority, such that no one individual has unfettered powers of decision-making. The Chairman's role is to lead the Board in its collective oversight of management while the CEO's role is to focus on the business and day-to-day management of the Company.

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<sup>15</sup> Practice 1.3 of the MCCG

## **7. New Board Members**

New Board members shall be briefed on the terms of their appointment, their duties and obligations and on the operations of the Group. Copies of the following shall be provided to the newly appointed Director(s):-

- i) Board Charter;
- ii) Memorandum and Articles of Association;
- iii) Respective Board Committee's Terms of Reference and its composition;
- iv) Latest Business Plan, if available;
- v) Latest Annual Reports and Financial Statements;
- vi) Organisation Chart; and
- vii) Any other documents deemed necessary by the Board.

## **8. Shareholdings held by Board Members in the Company**

Board members may hold shares in the Company. Any transactions involving the shares of the Company, be it buying, selling or transfer to third party, Board members must strictly observe the disclosure requirements and/or provisions under the Companies Act 2016, MMLR and all other relevant legislative and regulatory requirements.

## **9. Board Appointment in Other Companies**

Directors are expected to devote sufficient time and attention to the affairs of the Company. Any Director is, while holding office, at liberty to accept other Board appointment(s) in other companies so long as the appointment is not in conflict with the Company's business and does not affect the discharge of his duty as a Director of the Company. A director must not hold more than 5 directorships in listed companies<sup>16</sup>.

Pursuant to the MCCG, the Board should set out expectations on time commitment for its members and protocols for accepting new directorships. In this instance, Board members are expected to achieve at least 50% attendance of the total Board Meetings in any applicable financial year with appropriate leave of absence be notified to the Chairman of the Board and/or Company Secretary, where applicable.

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<sup>16</sup> Paragraph 15.06 of the MMLR

## **D. BOARD STRUCTURES AND PROCEDURES**

### **1. Board Committees**

The Board may from time to time establish Board Committees to assist in discharging its responsibilities. The Board may delegate specified matters to individual members or Committees of the Board to oversee critical or major functional areas and to address matters which require detailed review or in-depth consideration. All such committees must be provided with written terms of reference which state clearly the extent and limits of their responsibilities and authority, specifically whether they have authority to decide on behalf of the Board. Independent and Non-Executive Directors play a leading role in these Board committees.

The relevant Board Committees established are as follows:-

- i) Board Audit and Risk Committee ("**BAC**"); and
- ii) Board Nomination and Remuneration Committee ("**BNRC**").

### **2. Board Meetings**

Meetings of the Board will be held at such time and at such venue as the Board deems appropriate, but it will normally meet at least quarterly or where circumstances necessitate. The Board's annual meeting calendar is prepared and circulated to Directors before the beginning of each financial year. It provides the scheduled dates for meetings of the Board and Board Committees, and annual general meeting, as well as the closed period for dealings in securities by Directors based on the targeted date of announcement of quarterly results of the Group.

The Board meets in person at least once in every quarter to facilitate the discharge of their duties.

If additional meetings are to be convened, any one (1) Director may request for such a meeting to table matters of urgency, and the Company Secretary shall upon the request of the Chairman of the Board or any one (1) Director, convene a meeting.

Except in the case of emergencies, seven (7) days' notice of every Director's meeting will be provided in writing.

In events of the Chairman's absence, or if he is not present within fifteen (15) minutes after the time set for the holding of the meeting, the Directors shall elect one (1) of their number to be Chairman of the meeting.

Board members are required to attend the Board meetings. However, other senior officers may be invited to attend meetings 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. Decisions arising at any meeting of the Board shall be decided by a majority of votes.

The quorum necessary for the transaction of business is fixed by the Company's Articles of Association, which the Directors may meet together for the despatch of business, adjourn or otherwise regulate their meetings and proceedings as they think fit and may from time to time determine the quorum necessary for the transaction of business. Until otherwise determined, two (2) Directors shall form a quorum.

The Board should have access to all information pertaining to the Company in a timely manner for the discharge of its duties effectively. The agenda and papers prior to the meetings<sup>17</sup>, to enable them to prepare for these meetings. At Board meetings, the Management presents the papers and consultants may be invited to provide further insight.

The Board members are invited to provide feedback, either in writing or verbally, on the adequacy of the contents and the quality of information presented by Management in these Board papers.

Questions arising at any meeting of the Directors shall be decided by a majority of votes, each director is entitled to one (1) vote. Directors can cause their disagreement with the decision agreed by the majority of the Board together with their reasons to be voted in the minutes of the meeting.

Except for the Chairman of the meeting, the rest of the Directors may participate in a meeting by means of a conference telephone or similar electronic communication device. For this purpose, the Director shall ensure that:

- (a) The Company Secretary is informed of the Directors' requirement at least three (3) working days before the meeting;
- (b) The Director shall participate in the meeting from a confined room or space, with no access by or without the presence of any third party;
- (c) The Director shall ensure all deliberations or information being communicated during the telephone/video conferencing are treated with confidence, and he/she shall prevent any leakage of information/materials to any third party; and
- (d) The Director shall at all times take all necessary precautions to strictly maintain confidentiality of information.

The decision of the Board must be clearly recorded in the minutes of the meeting, including the rationale of each decision, clear actions to be taken within the agreed timeline, if applicable, and the Management is responsible for implementation.

The draft minutes of meeting must be circulated to all Board members in a timely manner and the minutes must memorialise the proceedings of all meetings including the tabling of pertinent issues, the substance of the inquiry and response, members' suggestions and the decisions made, including whether any

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<sup>17</sup> Guidance 1.6 of the MCGG

director abstained from voting or deliberating on a particular matter<sup>18</sup>, as well as the rationale behind those decisions.

The non-executive directors are encouraged to meet among themselves at least annually to discuss among others strategic, governance and operational issues.

### **3. Access to Information**

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 all Directors.

All Directors (Executive and Non-Executive) have the same right of access to information relevant to the furtherance of their duties and responsibilities as Directors of the Company.

### **4. Access to Independent Professional Advice**

The Board as well as any Director is entitled to obtain independent professional advice relating to the affairs of the Group or to his/her responsibilities as a Director.

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.

### **5. Conflict of Interest**

Board members are required to disclose the nature and extent of conflict of interest or potential conflict interest that they have/may have with the Company or its subsidiaries, as soon as practicable, to the Legal and Secretarial Department in accordance with the Conflict-of-Interest Policy and Procedures adopted. Board members shall abstain or recuse themselves from deliberation and voting on matters related to the conflicts.

### **6. Continuing Development and Training**

The Board via the BNRC should assess the training needs of each Director and to decide on the type of training that may be required for effective and efficient discharge of Directors' duties and responsibilities.

The costs of the induction, mandatory accreditation programme and/or continuing education program shall be borne by the Company.

All trainings attended by Directors shall be disclosed in the Annual Report. In special circumstances, valid justifications for non-attendance at any of the trainings shall also be disclosed.

## **7. The Company Secretary**

The Board appoints the Company Secretary, who plays an important advisory role, and ensures that the Company Secretary fulfils the functions for which he/she has been appointed.<sup>19</sup>

The appointment or removal of Company Secretary or Secretaries of the Board shall be the prerogative of the Board.<sup>20</sup>

The Company Secretary is responsible for ensuring that Board procedures are followed, that the applicable rules and regulations for the conduct of the affairs of the Board are complied with and for all matters associated with the maintenance of the Board or otherwise required for its efficient operation.

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

The primary responsibilities of the Company Secretary shall include the following:-

- i) Manage all Board and Board Committees' meetings logistics, attend and record minutes of all Board and Committee meetings and facilitate Board communications;
- ii) Advise the Board on its roles and responsibilities;
- iii) Advise the Board on corporate disclosures and compliance with company and securities regulations and listing requirements;
- iv) Manage processes pertaining to the annual shareholders' meeting;
- v) Ensure that Board procedures and applicable rules are observed;
- vi) Maintain records of the Board and ensures effective management of the organisation's records;
- vii) Prepare minutes to document Board and Board Committees' proceedings and ensures conclusions are accurately recorded;
- viii) Ensure timely dissemination of information relevant to Directors' roles and functions and keeps them updated on new or evolving regulatory requirements;
- ix) Facilitate the orientation of new directors and assist in director training and development; and

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<sup>19</sup> Practice 1.4 of the MCCG

<sup>20</sup> Section 236(1) of the Companies Act 2016

- x) Monitor corporate governance developments and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectations.

## **E. RELATIONSHIP OF THE BOARD WITH MANAGEMENT**

### **1. Position of CEO**

The CEO is the highest-ranking officer in the Group and he is responsible for the day-to-day business of the Group within the authorities as delegated by the Board.

The Board shall link the Company's governance and management functions through the CEO. All Board authority conferred on Management is delegated through the CEO so that the authority and accountability of Management is considered to be the authority and accountability of the CEO so far as the Board is concerned.

### **2. Accountability of CEO**

The CEO is accountable to the Board for the achievement of the Company's goals and for the observance of the Management's authorities.

The CEO shall be the head of the Management of the Company and the Group and in that capacity is answerable to the Board.

The key role of the CEO, amongst others, includes:-

- i) Develops corporate objectives which includes performance target and a 5-year term goals of the businesses together with the Board;
- ii) Develops the strategic direction of the Group;
- iii) Ensures that the Group's strategies and corporate policies are effectively implemented;
- iv) Ensures that Board decisions are implemented and Board directions are adhered to;
- v) Provides directions in the implementation of short and long-term Business Plans;
- vi) Ensures compliance with all relevant legislation and regulations by reviewing policies and monitoring compliance;
- vii) Ensures the smooth and effective running of the Group Business Operations; and

- viii) Ensures continuous leadership through succession planning by developing the next line of leaders.

### **3. Management Authorities**

The CEO is expected to act within all specific authorities delegated to him by the Board.

The assets of the Group are expected to be adequately maintained and protected, and not unnecessarily placed at risk.

## **F. REMUNERATION OF THE BOARD**

The Board members' remuneration is generally determined at levels which would continue to attract and retain Board members of such calibre to provide the necessary skills and experience as required and commensurate with the responsibilities for the effective management and operations of the Group.

The remuneration of the Directors (Executive and Non-Executive) are subject to review and recommendation by the BNRC.

The determination of the remuneration of the Executive Directors will be a matter to be decided by the Board as a whole. The mechanism for remuneration for Executive Directors is structured in a manner wherein an Executive Director is rewarded based on the Company's performance and also individual performance. The Executive Directors are not and should not be taking part in deciding his/her own remuneration.

The remuneration of Non-Executive Directors shall be a matter of the Board as a whole with the Director concerned abstaining from deliberation and voting in respect of his/her individual remuneration. The remuneration of Non-Executive Directors shall commensurate with their responsibilities, time commitment, experience, expertise and the complexity of the Company's activities and should be in line with market practice.

Directors' fees and benefits payable to Directors are subject to shareholders' approval at annual general meetings.

## **G. ASSESSMENT OF THE BOARD**

The Chairman keeps under review, informally, the contributions made by Board members. The BNRC is given the task to review annually the effectiveness of the Board and the Board members.

The BNRC is required to report annually, an assessment of the Board and its Committees' performance. The assessment report together with the report on the Board balance (the required mix of skills and experience and other qualities) shall be discussed with the full Board. This exercise is carried out after the end of each financial year or such other time as may be deemed appropriate.

The performance of the CEO and Executive Directors is assessed based on the Key Performance Indicators approved by the Board.

#### **H. RELATIONSHIP AND COMMUNICATION BETWEEN THE BOARD AND SHAREHOLDERS, INSTITUTIONAL INVESTORS, PRESS, CUSTOMERS, ETC**

The Board shall familiarise itself with issues of concern to shareholders.

The Board believes that Management speaks for the Group. Nevertheless, individual Board member may, from time to time, at the request of the Management, meet or otherwise communicate with various constituencies that are involved with the Group. Comments from the Board, if appropriate in most circumstances, shall come from the Chairman/CEO.

The Board recognises the importance of accurate and timely dissemination of information to the shareholders and potential investors.

As such, the Board should adopt an effective communication policy in respect of its communication with its shareholders and potential investors. The Board shall maintain an ongoing communication process to ensure that the shareholders are kept appropriately informed of major developments within the Group on a timely basis.

Some of the communication channels used by the Company to disseminate information on a timely basis to the shareholders are:-

- i) Company's announcements to Bursa Securities;
- ii) Press releases;
- iii) Company's website; and
- iv) General meetings.

The Board shall ensure timely release of financial results on a quarterly basis to provide the shareholders with an overview of the Company's performance and operations. Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

#### **I. REVIEW OF BOARD CHARTER**

The Board endeavours to comply at all times with the principles and practices as set out in this Board Charter.

The Board will review this Board Charter from time to time and make any necessary amendments to ensure they remain consistent with the Board's objectives, current law and practices.