



## **SARAWAK CONSOLIDATED INDUSTRIES BERHAD**

*(Company No.: 25583-W)*

*(Incorporated in Malaysia)*

### **BOARD CHARTER**

#### **1. Purpose**

This Board Charter is intended to provide the Board of Directors with information on authority, Board of Directors' role and responsibilities and Board Committees. It is to provide guidelines on the procedures which the Board and Board Committees can refer for the conduct of their responsibilities.

#### **2. Authority**

The Board of Directors is authorized to do the following at the expense of the Group:

- (i) have the authority to investigate any activity of fraud, illegal acts or suspected violations of Group policies involving management or Directors;
- (ii) have the resources which are required to perform its duties;
- (iii) have full and unrestricted access to any information, records and personnel within the Group in performing their duties;
- (iv) have direct communication channels with the external auditors, person(s) carrying out the internal audit function or activity, Company Secretary and Senior Management team;
- (v) be able to obtain independent professional or other advice as deemed necessary;
- (vi) be able to convene meetings with the external auditors, excluding the attendance of the Executive members of the Board, whenever deemed necessary.

#### **3. Board Structure and Composition**

The Company's Articles of Association provides for a minimum of two(2) Directors and maximum of eleven (11) Directors. One third (1) the Board consist of independent directors which are in accordance with Paragraph 15.02 of the Listing Requirements of the Main Market of Bursa Malaysia Securities Berhad.

The Board composition as at 31 March 2018, consists of One (1) Executive Director and Six (6) Non-Executive Directors out of which three (3) are Independent Directors.

The following diagram shows the structure of current three Committees namely the Audit Committee, Risk Management Committee and Remuneration & Nomination Committee:-



#### **4. Retirement, Re-election and Appointment**

The Remuneration and Nomination Committee will consider and recommend to the Board for the continuation in service of those Directors who are due for re-election/re-appointment.

The Articles of Association of SCIB provide that at every annual general meeting of SCIB, one-third of Directors for the time being and those appointed during the financial year shall retire from office and shall be eligible for re-election.

The Articles of Association further provide that all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. The re-appointment and re-election of Directors at the annual general meeting of SCIB is subject to the prior assessment by the Remuneration and Nomination Committee and the recommendations thereafter submitted to the Board for approval or the Director concerned to continue to hold office.

#### **5. Independence of Director**

An Independent Director shall, upon his/ her appointment, give to Bursa Malaysia Securities Berhad ("BMSB") a letter of confirmation that he/ she is an Independent Director as defined under Paragraph 1.01 of the Main Market Listing Requirements ("MMLR") of BMSB.

As at 31 March 2018, three (3) of the Independent Non-Executive Directors fulfill the criteria of independence as defined in the Main Market Listing Requirements of BMSB. One third of the Board consist of independent directors which are in accordance with Paragraph 15.02 of the MMLR of BMSB.

The Group's Independent Non-Executive Directors do not engage in the day-to-day management of the Company and do not participate in any business dealings and are not involved in any other

relationship with the Company. This ensures that the Independent Non-Executive Directors remain free of conflict of interest situations and carry out their roles and responsibilities as Independent Directors effectively.

## **6. Roles and Responsibilities of the Board**

The principal responsibilities of the Board include the following:

- Reviewing and adopting a strategic plan for the Company;
- Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed;
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- Developing succession planning;
- Developing and implementing an investor relations program or shareholder communications policy for the Company;
- Reviewing the adequacy and the integrity of the Company's internal control systems and Management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

## **7. Roles and responsibilities of Non-Executive Directors**

In addition to the responsibilities shared by the Board as a whole, Non-Executive Directors are also required to:

- Bring perspective and fresh point of view to the Board's deliberations and have a sound objective business judgment and commercial know-how;
- Provide general guidance based upon experience in special areas of expertise;
- Spend time learning the business of the Company, developing informal contacts with Management and other Directors to build mutual trust;
- Review objectively the work of Management, refraining from involvement in day-to-day Management and any other relationship which will materially affect their exercise of independent judgment;
- Hold an opinion or carry through a correct course of action even though it might mean unpopularity or being voted off the Board;

## **8. Chairman of the Board**

The Chairman's principal responsibility is to provide the overall leadership to the Board, without limiting the principle of collective responsibility for Board decisions. Specifically, the Chairman's responsibilities include the following:

- Ensure the integrity and effectiveness of the governance process of the Board as set out in the Malaysian Code of Corporate Governance and for the full discharge of the Board's responsibilities;

- Act as liaison between the Board and Management, primarily through the Executive Director and Chief Executive Officer;
- Establish and maintain procedures governing the working of the Board including setting agenda for each Board Meeting together with the Company Secretary and the Group Executive Director/ Chief Executive Office.
- Lead and facilitate Board meetings and discussions in such a manner that will stimulate debate on the issues before the Board and encourage the most effective contribution from each Director;
- Assist the Board fulfill its responsibilities and objectives by assigning specific tasks to members of the Board and Committees;
- Initiate the establishment of Board Committees, committee structure, including assignments of members and committee chairman and ensuring that the Committees achieve their objectives;
- Participate in the activities of the Committees as may be required from time to time, such as during selection of Board Members and ensuring that the membership is properly balanced and reviewing the remuneration and performance of the Executive Directors and other Directors;
- Lead the role in presenting the Company's cause, whether formally or informally, with the authorities, institutional or potential investors and other stakeholders in which the Company operates.

#### **9. Executive Director and Chief Executive Officer**

The Group's Executive Director and Chief Executive Officer principal responsibilities are to manage the overall operations of the Group on a full time or Executive basis and ensuring that the Group achieves its short and long-term objectives as outlined in its Strategic and Corporate Plans.

The Group's Executive Director and Chief Executive Officer responsibilities include the following:

- Assist the Chairman to ensure that the integrity and effectiveness of the Governance process;
- Initiate the Strategic Planning process and develop the overall corporate plan, objectives and budget for the consideration of the Board;
- Identify business development opportunities in line with corporate plan and that the Group achieves and maintains a satisfactory competitive position within its industry;
- Update the Board and present day-to-day business affairs together with the Management team at the quarterly meetings;
- Implement, operate and monitor procedures within the Group consistently and monitor and analyze performance and key risk activities against predetermined Key Performance Indicators;
- Formulate and oversee the implementation of major corporate policies;
- Foster a corporate culture that promotes ethical practices, integrity, and fulfills social responsibility.

## **10. Board Committees**

The Board also delegated specific tasks to the following Board Committees:-

(i) Audit Committee (“AC”)

The purpose of the AC are as follows;

- Review and report to the Board on the quality and performance of SCIB’s internal and external accountants and auditors, the reliability of financial information and the adequacy of internal control policies and procedures and recommend appropriate changes in any of these areas, as and when necessary;
- Ensure compliance with specified financial standards and disclosure policies developed and administered by the BMSB;
- Ensure that certain standards of corporate responsibility, integrity and accountability to the Shareholders are being inculcated in the duties and responsibilities of the Board .

(ii) Risk Management Committee (“RMC”)

The RMC shall be responsible to the Board of Directors for matters pertaining to assessment, management and control of the Company’s principal risks.

(iii) Remuneration & Nomination Committee (“RNC”)

The RNC shall assist the Board to ensure that an appropriate structure and composition of Board members and Senior Management is in place and to establish an effective process for Director selection, appointment and performance. The RNC also review and report to the Board on compensation (including those of the Executive Directors and Senior management) and personnel policies, programs and plans.

All the Board Committees have their own terms of reference to deal with particular issues and report back to the Board with the necessary recommendation, if any. The Chairman of the respective Committees shall report and update the Board on significant issues and concerns discussed and where appropriate, make the necessary recommendations to the Board.

## **11. Company Secretary**

The Board shall ensure that it is supported by a suitably qualified and competent Company Secretary who plays important supporting and advisory roles to the Board and ensures adherence and compliance to the procedures and regulatory requirements from time to time.

## **12. Board Meetings**

The Board holds meetings of no less than four (4) times a year as soon as the Company’s quarterly and annual results are finalised in order to review and approve the results for submission to BMSB

and Securities Commission. Special Board meetings may be convened to consider urgent proposals or matters that require the expeditious review or consideration by the Board.

### **13. Code of Ethics**

The Directors observed a code of ethics in accordance with the code of conduct as set out in the Company Directors' Code of Ethics established by the Companies Commission of Malaysia. The Board set direction fostering a corporate culture that promotes ethical practices, policies and procedures, encourages integrity, transparency and fulfills social responsibility.

### **14. Review of the Board Charter**

This Board Charter shall be periodically reviewed and updated by the Board taking into consideration the needs of the Group and any development in rules and regulations that may affect the roles and responsibilities of the Board.