SAPURA INDUSTRIAL BERHAD (COMPANY NO: 17547-W)

BOARD CHARTER

1. INTRODUCTION

The Board of Directors (“the Board”) is committed to high standards of corporate governance and strives to ensure that it is practised throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders’ value and raise the performance of the Group.

2. OBJECTIVE

The Board Charter demonstrates that the Board remains fully resolved and committed to employing the principles of integrity, transparency and professionalism to ensure the practice of good corporate governance will safeguard and enhance shareholders’ value, and at the same time protect the interests of its stakeholders.

3. ROLES OF BOARD

The Board shall actively strive and be collectively responsible to promote the success of the Group by directing and supervising its business.

In addition to fulfilling its commitment for increased shareholders’ value, the Board endeavours to uphold the interests of the Group’s customers, employees, suppliers and to the communities where it operates, bearing in mind the circumstances and requirements for a successful business. The Board reviews and decides matters related to the overall Group strategy and financial matters.

The duties, powers and functions of the Board are governed by the Articles of Association of the Company, the Companies Act, 2016 and other regulatory guidelines and requirements that are in force.

3.1 Board of Directors

3.1.1 The Board is entrusted with the responsibility to promote the success of the Group by directing and supervising the Group’s affairs. To discharge the Board’s stewardship responsibilities, the Board has assumed the following principal roles and responsibilities:

i) Review and approve annual corporate plan, which includes overall corporate strategy, marketing plan, human resources plan, financial plan and budget and risk management plan;

ii) Oversee and review the performance of the business, and to evaluate whether the business is being properly managed;

iii) Identify principal risks and ensure the implementation of appropriate systems to manage these risks;

iv) Ensure that there is an appropriate succession plan for members of the Board and Senior Management;

v) Develop and implement an investor relations programme or shareholders’ communications policy;

vi) Review the adequacy and integrity of internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives, and guidelines; and

vii) Review and approve financial statements.
3.1.2 In addition to matters expressly required by law to be approved by the Board, powers specifically reserved for the Board are as follows:

i) appointment of the Chief Executive Officer and determination of his terms of appointment (including remuneration).

ii) appointment of Board members and appointment of Company Secretary.

iii) any matters in excess of any discretions that may have been delegated from time to time to the Chief Executive Officer and senior management, including in relation to business operation and expenditure.

iv) any changes to the discretions delegated from the Board.

3.1.3 The Board reserves full decision-making powers on the following matters:

i) Conflict of interest issues relating to a substantial shareholder or a Director.

ii) Acquisitions and disposition of assets not in the ordinary course of business.

iii) Investments in capital projects.

iv) Authority levels.

v) Risk management policies.

3.2 Chairman

3.2.1 The Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of its role. The Chairman is responsible for —

i) leading the Board in setting the values and standards of the Company.

ii) maintaining a relationship of trust with and between the Executive and Non-Executive Directors.

iii) ensuring the provision of accurate, timely and clear information to Directors.

3.2.2 The Chairman, in consultation with the Chief Executive Officer and the Company Secretary, sets the agenda for Board meetings and ensures that all relevant issues are on the agenda.

3.2.3 The Chairman is responsible for managing the business of the Board to ensure that:

i) all Directors are properly briefed on issues arising at Board meetings.

ii) sufficient time is allowed for the discussion of complex or contentious issues and, where appropriate, arranging for informal meetings beforehand to enable thorough preparation for the Board discussion.

iii) the issues discussed are forward looking and concentrates on strategy.

3.2.4 The Chairman ensures that every Board resolution is put to vote to ensure the will of the majority prevails.
3.3  **Chief Executive Officer**

The Chief Executive Officer has the executive responsibility for the day-to-day operation of the Company’s business, ensuring business excellence and operational efficiency on behalf of the Board. He implements and coordinating the policies, corporate strategies and decisions adopted by the Board. He is assisted by the Senior Management Team and Group Functional teams in managing the business on day to day basis, which he consults regularly.

3.4  **Board Committees**

3.4.1  As part of efforts to ensure the effective discharge of its duties, the Board has delegated certain functions to certain Committees with its own Terms of Reference. The Chairman of the Committees will report to the Board on the decision or outcome of the committee meetings.

3.4.2  The Board shall establish the following Board Committees with its own specific terms of reference:-

a)  Audit Committee  
b)  Nomination and Remuneration Committee  

3.4.3  No Alternate Director can be appointed as a member of these Committees. All Board Committees shall be established in accordance with the Main Listing Requirements of Bursa Malaysia.

4.  **BOARD FUNCTIONS**

4.1  **Ethics & Compliance**

The Board has adopted the Sapura Industrial Berhad’s Code of Ethics and Business Conduct ("SIB CEBC") that seeks to ensure that the Company's or Group's Directors, group employees and third parties which perform work or services for the Company and/or Group will act ethically and remain above board at all times, and that their individual behavior is in line with Sapura's Shared Values ie Honourable, Professional, Resourceful, Resilient and Agile. SIB CEBC also includes appropriate communication and feedback channels which facilitate whistle-blowing.

4.2  **Risk Management**

The Board acknowledges the importance of maintaining a sound system of internal control and a robust risk management practice for good corporate governance with the objective of safeguarding the shareholder’s investment and the Group’s assets. For this purpose, the Board has adopted a Risk Management Framework and Risk Management Policy.

4.3  **Environment**

The Board acknowledges the need to safeguard and minimize the impact to the environment in the course of achieving the Company’s objectives. The Board’s agenda reflects the commitment to economic support for longer term sustainability with a focus on the positive impact on the environment, community and society.

4.4  **Stakeholder Communication**

The Board acknowledges the need for effective Investor Relations and Communication with shareholders and to provide them with all relevant information affecting the Company. Hence, the Board adopts an open and transparent policy.
5. **PROCESSES OF BOARDS**

5.1 **Board Meetings**

5.1.1 The Board shall meet at least quarterly with additional meetings convened as and when necessary. Prior to each Board Meeting, the agenda and a set of Board papers encompassing qualitative and quantitative information relevant to the business of the meeting are distributed to all Directors on a timely basis.

5.1.2 In convening the Board Meetings, all procedures shall meet the requirements of a valid Board Meeting and shall follow the Company's Articles of Association. All proceedings in Board Meetings are recorded as minutes and signed by the Chairman in accordance with the provisions of the Companies Act, 2016.

5.2 **Financial Reporting / Non-Financial Reporting**

5.2.1 The Board is committed to provide a fair and objective assessment of the Group's financial positions and prospects of the Group and ensures that the financial statements are a reliable source of information for shareholders and other stakeholders.

5.2.2 Board Decision Presentations and briefings by the Management and relevant external consultants where applicable, are also held at Board Meetings to advise the Board. Relevant information and clarification are furnished to the Board in order for the Board to arrive at a considered decision.

6. **ENSURING EFFICIENCY**

6.1 **Access of Information**

6.1.1 The Company shall provide all Directors with timely and quality information and in the form and manner appropriate for them to discharge their duties effectively. Where necessary, the Directors whether as a full board or in their independent capacity may seek independent professional advice at the company's expense in furtherance of their duties.

6.1.2 The Directors have direct access to the key management and have unrestricted access to any information relating to the Group to enable them to discharge their duties.

6.1.3 The Directors also have direct access to the advice and services of the Company Secretary and are regularly updated on new statutory and regulatory requirements relating to the duties and responsibilities of the Directors.

6.2 **Succession Planning**

The Board strives to ensure that all key management positions within the Company are filled with candidates with sufficient calibre.

6.3 **Directors' Evaluation**

Performance assessment of the directors is being undertaken on yearly basis.

6.4 **Directors' Compensation**

The remuneration packages are aligned with the business strategy and long term objectives of the Company.
6.5 Training and Development

6.5.1 The Board shall ensure compliance with Bursa Malaysia’s mandatory accredited programme for newly-appointed Directors. The Directors shall also keep abreast with the development and changes in the industries in which the Group operates, as well as corporate governance and financial updates. The Directors are able to assess further training programme needs on an on-going basis.

6.5.2 The Board shall undertake a continuous educational and training programme to update Board Members on new developments in risks control, laws, regulations and other business and management-related subjects which may affect the Company’s business and compliance requirements.