

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 Board members/Executive Director/Managing Director and appointment of Company Secretary.
- ii) appointment of the Chief Executive Officer and other key positions as determined by the Board from time to time and determination of the terms of appointment (including remuneration).
- iii) any matters in excess of any discretions that may have been delegated from time to time to the Executive Director/Managing Director/Chief Executive Officer and other key positions under the purview of the Board, 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 Executive Director/Managing Director/Chief Executive Officer/Key Management 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 Board Committees

3.3.1 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.

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

- a) Audit Committee
- b) Nomination and Remuneration Committee

3.3.3 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.

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.

5.1.3 Procedures for conflict of interest:

In addressing and managing any actual or potential conflicts of interest, the following procedures will be strictly observed during Board Meetings:

Declaration of interest:

All directors are required to declare any interest they have and/or may have, whether direct or indirect, in the matters to be discussed during the meeting. This declaration should be made at the beginning of the meeting or as soon as the conflict arises. A general notice may be given to the Board in accordance with Section 221(4) of the Companies Act 2016.

Abstention from voting:

Directors who have declared an interest in any matter must abstain from voting on the resolutions related to that matter. Such directors are also required to leave the room and refrain from participating in any discussions related to the conflicted matter.

Record and minutes:

All declarations of interest will be recorded in the minutes of the Board meeting by the Company Secretary. This will include a note on the directors' abstentions from voting, recusal and non-participation in discussions where conflicts exist.

Board deliberation and decision making:

The remaining directors who have no conflict of interest in the matter under consideration, will independently deliberate and make decisions. To ensure that these decisions are in the best interest of the Company, external advice may be sought when necessary.

Review and mitigation:

The Board will review any declared conflict of interest to assess their impact on the decision-making process and to implement appropriate mitigation measures. This may include reassigning responsibilities or seeking third-party assessments to uphold the integrity of the Board's decisions.

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.