

CONFIDENTIAL

SARAWAK CONSOLIDATED INDUSTRIES BERHAD

CHARTER OF THE BOARD OF DIRECTORS

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GOVERNANCE STRUCTURE OF THE BOARD OF DIRECTORS



1. PURPOSE

This Board Charter is intended to provide the Board of Directors ("Board") with information on authority, the Board's 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.

The Board is committed to comply with all the applicable laws and regulatory requirements inclusive on Anti-Corruption.

2. AUTHORITY

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

- Have the authority to investigate any activity of fraud, illegal acts or suspected violations of Group policies involving Management or Directors;
- Have the resources which are required to perform its duties;
- Have full and unrestricted access to any information, records and personnel within the Group in performing their duties;
- Have direct communication channels with the external auditors, person(s) carrying out the Internal Audit Function ("IAF") or activity, Company Secretary and Senior Management team;
- Be able to obtain independent professional or other advice as deemed necessary;
- Adopt a policy that all results of any audit, reviews of risk assessment, control measures and performance are reported to the C-Suites Committee ("C-Suites"), Audit Committee ("AC") & the Board, based on relevancy; and
- Matters reserved for decision of the Board, among others, is to appoint & to remove the Directors based on recommendations of Remuneration & Nomination Committee ("RNC") and subject to relevant laws & regulations.

3. BOARD STRUCTURE AND COMPOSITION

Sarawak Consolidated Industries Berhad ("SCIB") constitution provides for a minimum of two (2) Directors and maximum of eleven Directors.

One third (1/3) the Board shall consist of Independent Directors which are in accordance with Paragraph 15.02 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("BMSB").

4. RETIREMENT, RE-ELECTION AND APPOINTMENT

The RNC will consider and recommend to the Board for the continuation of the service of those Directors who are due for retirement/re-election/re-appointment.

The Constitution provides that at every annual general meeting of SCIB, one third (1/3) 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 Constitution further provides 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 prior assessment by the RNC and the recommendations thereafter submitted to the Board for approval or the Director concerned to continue to hold office.

5. INDEPENDENCE OF DIRECTOR

One third (1/3) of the Board shall consist of Independent Directors which are in accordance with Paragraph 15.02 of the MMLR of BMSB.

The Independent Directors do not engage in the day-to-day management of SCIB and do not participate in any business dealings and are not involved in any other relationship with SCIB.

This ensures that the Independent Directors remain free of conflict of interest situations and execute 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 SCIB;
- Overseeing the conduct of SCIB'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 an investor relations program or shareholder communications policy for SCIB;
- Reviewing adequacy and integrity of SCIB's internal control systems and Management information systems, including systems for compliance with applicable laws, regulations, rules, directives, and guidelines;
- Reviewing the composition of Board Management taking into account various diversity factors including skills, experiences and gender and ensure that the composition is comprised of one (1) women on board;
- reviewing COI issues relating to substantial shareholders or Directors and key senior management;
- reviewing dividend policy, declaration of dividend and directors' fee for shareholders' approval; and
- reviewing corporate governance issues and related policies.

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 SCIB, developing informal contacts with Management and other Directors to build mutual trust; and
- 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.

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 Group Managing Director / Chief Executive Director / Executive Director ("GMD / CEO / ED");

- Establish and maintain procedures governing the working of the Board including setting agenda for each Board Meeting together with the Company Secretary and GMD / CEO / ED;
- 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 GMD / CEO / ED and other Directors; and
- Lead the role in presenting SCIB's cause, whether formally or informally, with the authorities, institutional or potential investors and other stakeholders in which SCIB operates.

9. RESPONSIBILITIES OF GMD / CEO / ED

The GMD / CEO / ED 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 GMD / CEO / ED 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 analyse performance and key risk activities against predetermined Key Performance Indicators;
- Formulate and oversee the implementation of major corporate policies; and

- Foster a corporate culture that promotes ethical practices, integrity, and fulfills social responsibility.

10. BOARD COMMITTEES

The Board delegated specific tasks to the following Board Committees:

- a. Audit Committee
- b. Remuneration & Nomination Committee ("RNC")
- c. Risk Management Committee ("RMC")
- d. Investment Committee ("IC")

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.

11. BOARD AND BOARD COMMITTEE EVALUATION

- To remain relevant, the effectiveness of the Board, its Committee and each individual Director should be annually reviewed and disclosed in the annual report as prescribed under the MMLR and the MCCG. The Board shall also engage independent experts to facilitate objective and candid Board Evaluation, when necessary;
- The Board via the RNC shall establish a set of criteria for the assessment of all Directors. In establishing these criteria, attention shall be given to the values, principles and skills required for the Group. These criteria will serve as a source of reference for prospective and incumbent Directors for the Board's annual assessment;
- The evaluation shall cover the performance of the Board, the various Board Committees and each individual Director;
- The result of the performance assessment will form the basis of the RNC's recommendation to the Board for the re-election of Directors as well as for the necessary training and development needs for the Board, Board Committee and individual Board members;
- The ultimate approval for the above lies with the Board and the relevant Directors are to abstain from deliberation and voting on their remuneration.

12. DIRECTOR'S REMUNERATION

- The remuneration of the Executive Directors is structured on the basis of linking rewards to corporate and individual performance. Independent Non-Executive Directors, they receive a basic fee, an additional fee for serving on the Board Committee(s) and an attendance fee for participation in meetings of the Board and any of the committee meetings;

- Information prepared by the Human Resources and survey data on the remuneration practices of comparable companies is taken into consideration in determining the remuneration packages for Executive and Non-Executive Directors; and
- The Board as a whole resolves on fees for the Non-Executive Directors with individual Directors abstaining from decisions in respect of their individual remuneration. The fees and benefits payable to the Non-Executive Directors are subject to the approval of shareholders.

13. 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.

14. BOARD MEETINGS

The Board holds meetings of not less than four (4) times a year as soon as SCIB's quarterly and annual results are finalised in order to review and approve the results for submission to Bursa Malaysia.

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

15. DIRECTORS' CODE OF CONDUCT

The Board shall discharge its duties professionally, with due diligence and efficiency and to the best of their abilities.

In discharging their duties, member of the Board shall at all times abide by and confirm to the following Code of Conduct:

CORPORATE GOVERNANCE

- Have a clear understanding of aim and purpose, capability and capacity of SCIB;
- Devote time and effort to attend meetings and to know what is required of the Board, and to discharge those functions effectively;
- Ensure at all times that SCIB is properly and effectively managed and at all times act in the best interest of SCIB;
- Stay abreast of affairs of SCIB and be kept informed of SCIB 's compliance with relevant laws, rules and regulations;

- Insist on being kept informed on all matters of importance to SCIB in order to be effective in corporate management;
- Notwithstanding the limit allowed under the relevant regulations or rules, to limit his/her directorship of companies to a number in which he can best devote his / her time and effectiveness;
- Exercise his/her powers for purposes that were conferred to him / her by the Board and act in good faith for the benefit of SCIB;
- Not divert to his /her own advantage and/or to the advantage of his/her connected persons any business opportunity that SCIB is pursuing, and shall not use confidential information obtained by reason of his/her office for his/her own advantage or that of his/her connected persons and / or other third parties;
- At all times act with utmost good faith and integrity towards SCIB in any transaction and to act honestly and responsibly in exercise of his/her powers in discharging his / her duties;
- Willing to exercise independent judgment and, if necessary, to openly oppose if interest of SCIB is at stake;
- Maintain confidentiality of all SCIB information which are sensitive in nature and which are not already in public domain;
- Avoid any conflict of interest with fiduciary duty as follows:
 - To not have any self-dealing and/or conduct any private business or personal services with SCIB except in accordance with the duly approved policies, processes and procedures to ensure openness, competitive opportunity and equal access to information.
 - To abstain himself or herself from voting and deliberating on any matter which involves his/her interest and/or involves a conflict of interest with his/her fiduciary duty.
 - To not use his/her position to obtain employment for himself/herself or his/her connected persons.
 - To immediately and regularly disclose his/her involvement with any organization, vendor, or association that might result in a situation of conflict.
 - A Director should immediately and regularly declare to the Board, their interest, actual or perceived (direct or indirect) and/or any changes to their personal particulars as soon as possible either verbally or in writing.

- Exercise his/her authority over SCIB as explicitly set forth in the Board Charter and/or the Limit of Authority ("LOA") and/or as authorized by the Board.

RELATIONSHIP WITH SHAREHOLDERS, EMPLOYEES, CREDITORS & CUSTOMERS

- Be conscious of the interest of all shareholders, employees, creditors and customers of SCIB;
- Promote professionalism and improve competency of management and employees; and
- Ensure adequate safety measures and provide proper protection to employees at the workplace.

SOCIAL RESPONSIBILITIES & ENVIRONMENT

- Adopt an objective and positive attitude and give the utmost cooperation for a common goal when dealing with government authorities or regulatory bodies;
- Ensure effective use of resources, and improve quality of life by promoting corporate social responsibilities;
- Be more proactive to needs of community and assist in society-related program in line with the Corporate Social Responsibility Policy of SCIB; and
- Ensure that activities and operations of SCIB do not harm interest and well-being of the society at large.

16. GENDER DIVERSITY

The Board recognizes the importance of gender diversity and the benefits it can bring. The Nomination Committee shall assess diversity while appointing members to the Board, taking into consideration their skills, experience, knowledge, personality, and gender. The Board shall endeavor to have at least one (1) women Directors and strives to select the best candidate available for any new appointments. However, the Board strongly believes that any appointment of a director should be made based on objective criteria, merit and consideration of diversity in skills, experience and other relevant qualities. The Board is committed to provide fair and equal opportunities and treatments within the Group.

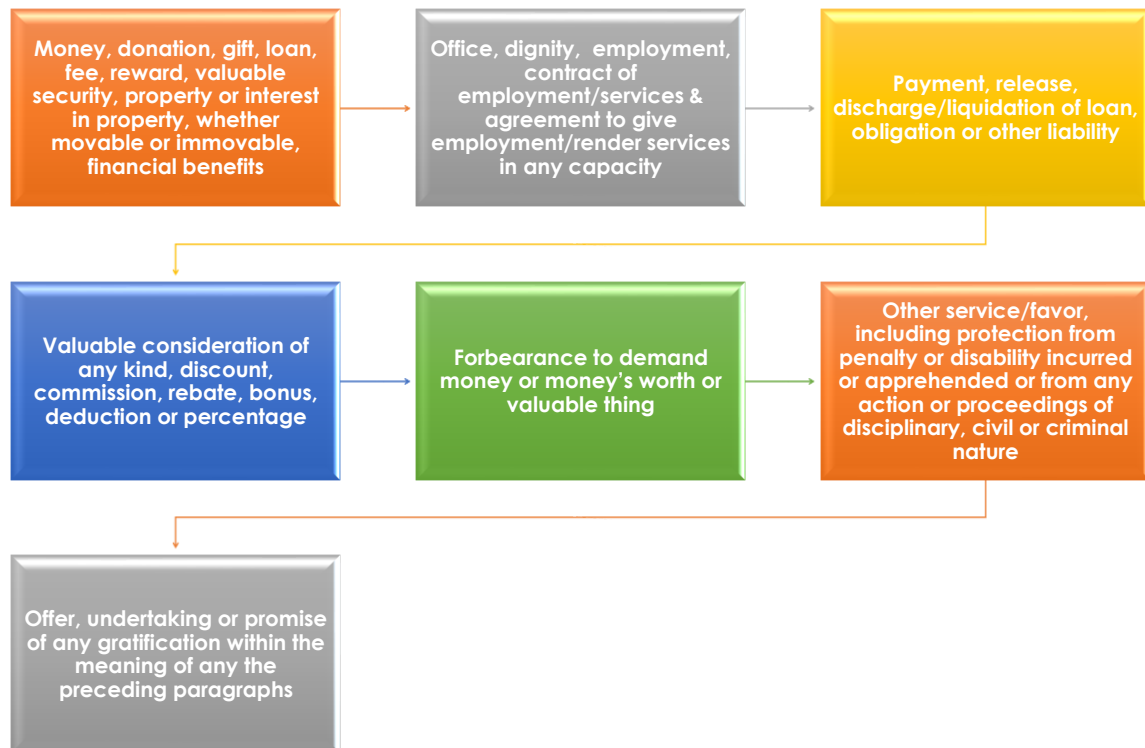
17. GRATIFICATION

The Board is committed and has a strong stance against the use of gratification practice in relation to SCIB's business activities and the Board also are committed inspiring SCIB's effort to improve upon the effectiveness of its gratification risk management system.

The Board established an Anti-Bribery and Corruption Policy with the aim to provide guidance to the employees and/or any person associated with the Group concerning

how to deal with bribery and corruption and related issues that may arise during the course of business. It reiterates the Board's commitment to full compliance with the Malaysian Anti-Corruption Commission ("MACC") Act.

The MACCA Act has defined the Gratification as follows:



18. WHISTLE-BLOWING POLICY AND PROCEDURES

The Board has in place a Whistle-blowing Policy which provides a mechanism for all employees and stakeholders to report concerns of any suspected wrongdoing, inappropriate behaviour or misconduct relating to fraud, corrupt practices and/or abuse. Notwithstanding that the AC and the Internal Auditor are responsible for the administration and compliance with this policy, the Board has overall responsibility for this policy and shall oversee the implementation of this policy. The Whistle-blowing Policy and Procedures shall be periodically reviewed and updated by the Board to assess its effectiveness, and in any event, at least once every three (3) years.

19. 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.