
# 3 CORPORATE GOVERNANCE

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## INTRODUCTION

The Board of Directors ("Board") of Sarawak Consolidated Industries Berhad ("SCIB" or "the Company") supports high standards of corporate governance practices as stipulated in the Principles and Recommendations of the Malaysian Code on Corporate Governance ("MCCG") 2021 in implementing its governance system and ensuring compliance with the provision in the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").

The Board acknowledges its fundamental responsibility to promote and drive long-term sustainable growth, whilst taking into account the interests of the investors and all other stakeholders.

The Board is pleased to present this Corporate Governance Overview Statement, which provides key highlights on how the Company complies with the three (3) principles of the MCCG 2021 during the financial year ended 30 June 2024, as follows:

1. Principle A: Board Leadership and Effectiveness;
2. Principle B: Effective Audit and Risk Management; and
3. Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

This statement was approved by the Board of Directors on 14 October 2024 and is complemented with a Corporate Governance Report ("CG Report") based on a prescribed format pursuant to paragraph 15.25 of the Listing Requirements of Bursa Securities published on the Company's website as well as via announcement on the website of Bursa Securities.

As of 30 June 2024 the Company has adopted and complied substantially with the principles as set out in the MCCG. The status of the application of practices is summarised as follows:

| | Applied/Adopted | Departure | Not Applicable | Not Adopted | Total |
|---|---|---|---|---|---|
| Practices | 42 | 4 | - | 2 | 48 |
| Step-up practices | 2 | - | - | - | 2 |

A summary of the corporate governance practices as well as the Board's key focus areas in relation to the corporate governance practices are as described below, under each corporate governance principle.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### 1. Board Responsibilities

The Board is collectively responsible for the effective leadership and long-term success of the Company.

The Board Members, in discharging their duties are constantly mindful that the interests of our customers, investors and all other stakeholders are well safeguarded.

In order to ensure effective discharge of its roles and responsibilities,the Board has formally adopted a Board Charter, which outlines the roles and responsibilities of the Board and those which it delegates special authorities to the various Board Committees. The Board Charter was last reviewed and adopted by the Board in May 2024 to keep the Board Charter up to date with the relevant regulations. The Board Charter is available on the Company's corporate website.

The Board is responsible for formulating and reviewing the Company's strategic plan and key policies, and to chart the course of the Company's business operations while providing effective oversight of the Management's performance as well as the risk management procedures and key controls.

The principal responsibilities of the Board include the following:

- Reviewing and adopting a strategic plan for the Group's business and operations;
- Overseeing and monitoring the day-to-day management of the Group's business and 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 the Group's succession planning;
- Developing and implementing an investor relations program or shareholder communications policy for the Company and encourages the use of information technology for effective dissemination of information; and
- Reviewing adequacy and integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

**Board Committees**

In furtherance, the Board also delegated specific tasks to the Board Committees namely the Audit Committee ("AC"), Remuneration & Nomination Committee ("RNC"), Risk Management Committee ("RMC"), Investment Committee ("IC") and Long Term Incentive Plan Committee ("LTIP") to enhance efficiency.

Each Board Committee has its own Terms of Reference which clearly outlines its objective, composition, roles and responsibilities to deal with particular issues and report back to the Board with the necessary recommendations, if any.

The Board Committees comprise a majority of Independent Non-Executive Directors which are able to provide diverse and constructive perspectives and insights supporting the Board to make decisions objectively.

The ultimate approval still lies with the entire Board and certain Board functions are also delegated to the Management and the Board ensures Management is of the highest caliber.

The Directors are at liberty to seek independent professional advice on matters relating to the discharge of their duties and the cost of securing such professional services will be borne by the Company.

Additionally, the Company has in place the Whistleblowing Policy and Procedures which provides a platform for its directors, employees and other stakeholders to enable the exposure of any violations or improper conduct or wrongdoing within the Company. For this purpose, the complaint must be made in writing using the Whistleblowing Report Form and sent via email or by hand/post/courier to the Company. Chief Integrity Officer has been designated to access the designated email address.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(cont'd)*

### 1. Board Responsibilities *(cont'd)*

**Board Committees** *(cont'd)*

The Board has formalised and approved the Anti-Bribery & Anti-Corruption Policy ("ABAC") including the setting up and strengthening of relevant policies and procedures designed to prevent and detect bribery, undertake control measures that are proportionate to the nature and size of the organisation as well as the proper training and communication of such policies and procedures. The Group has taken proactive actions to strengthen the Group's internal processes and practices to ensure that adequate procedures are in place to prevent persons associated with the Group from involving in corrupt practices. The ABAC shall be observed by all Directors, employees of the Group and third parties engaged to act on behalf of the Group.

In addition, the Board is responsible for overseeing the implementation inclusive of its adequacy and effectiveness of Adequate Procedures as per the guideline issued by the Prime Minister's Department pursuant to Subsection (5) of Section 17A under the Malaysian Anti-Corruption Commission Act 2009 (Amendment) 2018.

The Guideline of the Adequate Procedures is T.R.U.S.T Principles as follows:


To ensure the effectiveness of this policy, the Risk Management Committee ("RMC") provides oversight and monitoring of the ABAC Policy.

The aforesaid Whistleblowing and ABAC policies are available on the Company's website.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(cont'd)*

### 2. Board Composition

As of the date of this report, the Board comprises nine (9) members, including seven (7) Independent Non-Executive Directors and two (2) Executive Directors. Among the nine (9) members, one (1) is a woman Director. The Board composition complies with Paragraph 15.02 of the Listing Requirements of Bursa Securities, which states that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, must be Independent Director and at least one (1) woman Director on the Board.

| NO. | NAME | DESIGNATION |
|---|---|---|
| 1 | YBhg. Dato' Sri Zaini Bin Jass* | Independent Non-Executive Chairman |
| 2 | Mr. Ku Chong Hong | Group Managing Director / Chief Executive Officer ("GMD/CEO") |
| 3 | Mr. Chiew Jong Wei** | Executive Director/ Chief Financial Officer ("ED/CFO") |
| 4 | Sr. Mohd Nazri Bin Mat Noor | Independent Non-Executive Director |
| 5 | YBhg. Dato' Tan Bok Koon*** | Independent Non-Executive Director |
| 6 | Mr. Liaw Way Gian | Independent Non-Executive Director |
| 7 | Mr. Kang Wei Luen | Independent Non-Executive Director |
| 8 | Dr. Dang Nguk Ling | Independent Non-Executive Director |
| 9 | Mr. Yak Boon Tiong**** | Independent Non-Executive Director |

* Appointed as an Independent Non-Executive Chairman of the Company on 11 December 2023
** Appointed as the Executive Director of the Company on 11 December 2023
*** Appointed as an Independent Non-Executive Director of the Company on 11 December 2023
**** Appointed as an Independent Non-Executive Director of the Company on 29 February 2024

The profile of each Director is disclosed in the Directors' Profile of this Annual Report.

Upon the assessment conducted by the RNC on the Board's size and composition, the Board was satisfied that the current size is appropriate given the scale of the Company's business and operations and the composition well balanced with the right mix of diverse knowledge, skills and attributes constituting an effective Board able to discharge its duties professionally and efficiently.

The Non-Executive Chairman is primarily responsible for the leadership and management of the Board, ensuring the Board and Board Committees execute their responsibilities in the best interest of the Company. He act as a direct liaison between the Board and the Management and communicate on behalf of the Company to shareholders, Government Authorities and other stakeholders where appropriate.

The concept of independence adopted by the Board is in tandem with the definition of an Independent Director in the Listing Requirements. The key element in fulfilling the criteria is the appointment of an Independent Director, who is not a member of management (a Non-Executive Director) and is free from any relationship which could interfere with the exercise of independent judgment or the ability to act in the best interests of the Company.

The Independent Non-Executive Directors play a significant role in bringing impartiality and scrutiny to the Board's deliberations and decision-making, and also serve to stimulate and challenge the Management in an objective manner. They 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 is to ensure that the Independent Non-Executive Directors remain free of conflict-of-interest situations and execute their roles and responsibilities effectively.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(cont'd)*

**2. Board Composition** *(cont'd)*

To further enhance the function of the Independent Non-Executive Directors, the Board has also defined their roles and responsibilities to include the following:

- Provides independent and objective views, assessments and suggestions in deliberations of the Board;
- Ensures effective check and balance in the proceedings of the Board;
- Mitigates any possible conflict of interest between the policy-making process and day-to-day management of the Company;
- Constructively challenge and contribute to the development of the business strategies and direction of the Company; and
- Review the integrity of financial reporting and financial controls and systems of risk management to ensure they are robust.

The members of the Board possess strong diverse mix of skills and are experienced individuals with different backgrounds, specialisation and expertise in accounting, economics, engineering and business management and are persons of high caliber and integrity, which gives added strength to the leadership that is necessary for the effective stewardship of the Company.

Given that there are seven (7) experienced and independent–minded Independent Directors representing more than 50% of the Board, the Board collectively would be able to function independently of management. This allows for effective oversight of the management as well as supports objective and independent deliberation, review and decision-making.

The RNC and the Board are well aware that the tenure of an independent director should not exceed a cumulative term of nine (9) years as recommended by the MCCG 2021. Upon completion of the nine (9) years, an independent director may continue to serve on the Board subject to the director's re-designation as a non-independent director. Prior to attaining the stipulated number of years, the RNC will consider the following and recommend to the Board accordingly:

(a) whether the Independent Director is to continue to serve on the Board, subject to his/her re-designation as a Non-Independent Director; or

(b) whether shareholders' approval through a two-tier voting process is to be sought to retain him/her as an Independent Director.

On 11 December 2023, an Independent Non-Executive Director namely Encik Shamsul Anuar Bin Ahamad Ibrahim, stepped down as members of the Board of Directors. He has served as an Independent Director for a cumulative of nine (9) years. His resignation is in line with the enhanced MMLR of Bursa Securities which limit the tenure of an independent director to not more than 12 years, effective from 1 June 2023.

During the current reporting period, none of the Independent Non-Executive Directors hold office as independent directors for more than nine (9) years.

**Board Gender Diversity**

The Board supports the Board's gender diversity as promoted by MCCG 2021. Currently, there is one (1) woman director on board as the Company recognizes and embraces the benefits of having a diverse Board, and sees increasing diversity at the Board level as an essential element in maintaining a competitive advantage. However, the Board views that Board membership is dependent on each candidate's skills, experience, core competencies and other qualities, regardless of gender.

The participation of women in senior management has also been practiced in the Group.

**Directors' 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. This code is available on the Company's website.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(cont'd)*

### 2. Board Composition *(cont'd)*

**Board Meetings & Supply of Information**

Board meetings for the ensuing financial year are scheduled in advance before the end of the current financial year to facilitate the Directors to plan ahead and organize the next financial year's Board meetings into their respective schedules.

The Board holds meetings at least four (4) times a year as soon as the Company's quarterly and annual results are finalized in order to review and approve the results for submission to Bursa Securities and the Securities Commission. Special Board meetings may be convened to consider urgent proposals or matters that require expeditious review or consideration by the Board.

Preceding minutes of every Board and Board Committee meeting were circulated to all Directors for their perusal and comments. The Directors may request further clarification or raise comments on the minutes prior to the minutes being confirmed as a correct record of the proceedings of the Board at the subsequent meeting.

For effective Board proceedings, the Directors would receive the structured agenda together with comprehensive management reports and proposal papers at least (5) business days before the Board meeting. This is to accord sufficient time for the Directors to peruse the Board papers and to seek any clarification or further details that they may need from the Management or the Company Secretary, or to consult independent advisers, if they deem necessary.

Confidential papers or urgent proposals are presented and tabled at the Board meetings under supplemental agenda.

The Board meeting papers are prepared and presented in a concise and comprehensive format to ensure that the Directors have a complete and relevant depiction of the issues in order that the Board deliberation and decision-making are performed systematically and in a well-informed manner.

At the Board meetings, the Chairman of each Board Committee would inform the Directors at Board meetings, of any salient matters noted by the Board Committee Chairman and which require the Board's notice or direction. During the meeting, the Board reviews management reports on the business performance of the Company as well as the major subsidiaries, and reviews, inter-alia, the results compared to the preceding month and year-to-date, and also the comparison against pro-rated business targets.

As part of the integrated risk management initiatives, the Board also notes the decisions and salient issues deliberated by the Board Committees and the C-Suites Committee ("CSC") through minutes of the Committees' meetings.

The Board Members deliberate, and in the process, assess the viability of business propositions and proposals, and the principal risks that may have significant impact on the Company's business or its financial position, and the mitigating factors. Any Director who has a direct and/or indirect interest in the subject matter to be deliberated on shall abstain from deliberation and voting on the same.

The Board also assesses various types of propositions and matters that are required to be submitted to the Board for concurrence or approval, in accordance with the guidelines issued by the Board.

The Board is updated by the Management on the follow-up of its decisions and recommendations by the Management. The Company Secretaries are also responsible for giving sound advice to the Board and Chairman on all governance-related matters. The Management, the Company Secretaries, external, internal auditors as well as the external risk advisor also briefed the Board periodically on the latest updates/amendments on MMLR, MCCG 2021 and other regulatory requirements to assist the Directors in discharging their duties and responsibilities effectively. They are entitled to have access, at all reasonable times, to all relevant company information and to the Management and have at least two (2) private sessions in a year with the external auditors if deemed necessary.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(cont'd)*

### 2. Board Composition *(cont'd)*

**Company Secretary**

The Board is supported by two (2) suitably qualified and competent Company Secretaries under Section 235(2)(a) of the Companies Act 2016. The Company Secretaries have vast knowledge and experience from being in public practice and is supported by a dedicated team of company secretarial personnel.

The Company Secretaries, Mr. Tan Tong Lang, is a member of the Malaysian Association Institute of Chartered Secretaries and Administrators ("MAICSA") and Ms. Thien Lee Mee is a Licensed Secretary.

The Company Secretaries, or together with their representatives, had during the year:

(i) acted as Secretary for all Board Committee meetings and ensure that all meetings are properly convened;
(ii) recorded and minute the proceedings of all meetings including pertinent issues, the substance of inquiries and responses, suggestions and proposals;
(iii) play supporting and advisory roles to the Board with the assistance of the Management, particularly with regard to the Company's constitution, compliance with statutory and regulatory requirements such as restriction in dealing with the securities of the Company;
(iv) regularly updated and briefed on the latest changes/developments in corporate governance, statutory and regulatory requirements, ensure adherence and compliance to the procedures and regulatory requirements from time to time; and
(v) managed proceedings pertaining to the annual general meeting held during the year.

The Company Secretaries have attended many relevant continuous professional development programs i.e. trainings, seminars, workshops and talks conducted by the Companies Commission of Malaysia, Bursa Securities and MAICSA to keep abreast with the relevant updates on statutory and regulatory requirements.

**Training & Development of Directors**

As of the date of this Report, all Directors have attended the Mandatory Accreditation Program ("MAP") Part I and Part II as prescribed under the Listing Requirements. The Directors have continued to attend seminars and briefings during the financial year in order to enhance their skills and knowledge, and to keep abreast with changing commercial risks in line with market and economic developments. They also keep up-to-date with market developments and related issues through discussion with the Senior Management Officers.

These provide the platforms to disseminate emergent strategic directions and ideas as well as intellectual interactions that enhance the knowledge and relevance of the Directors.

The Directors are also provided with the Board Policy Manual that contains information including but not limited to the structure of the Company, management and operation as well as the Directors' duties and obligations.

The Company's Human Resources Department facilitates the organization of internal training programs and Directors' attendance in external programs.

The details of directors' training participated during the financial year are highlighted in the Directors' Profile report herein this Annual Report.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(cont'd)*

### 2. Board Composition *(cont'd)*

**Time Commitment of Directors**

Directors are at liberty to accept other Board appointments so long as such appointments are not in conflict with the business of the Company and do not adversely affect the Directors' performance and contributions as members of the Board and Board Committee.

The directors remain fully committed and dedicated to fulfilling their duties and responsibilities as reflected by their attendance at Board meetings during the financial year, details of the number of Meetings held and the attendance of each Director can be found in the Report on Directors' Profile in this Annual Report.

**Re-Appointment and Re-Election of Directors**

The RNC will consider and recommend to the Board for the continuation in service of those Directors who are due for re-election/re-appointment. A Directors' Fit and Proper Policy was adopted by the Company to ensure that Directors possess the character, integrity, relevant range of skills, knowledge, experience, competence and time commitment to carry out their roles and responsibilities effectively in the best interest of the Company and its stakeholders.

The Constitution of the Company provides that at its every annual general meeting, 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 its annual general meeting is subject to the prior assessment by the RNC and the recommendations thereafter submitted to the Board for approval for the Director concerned to continue to hold office.

Pursuant to Article 122(1) of the Company's Constitution, Mr. Ku Chong Hong and Dr. Dang Nguk Ling are subject to retirement by rotation at the forthcoming 48$^{th}$ AGM of the Company and they have expressed their willingness to seek re-election.

In addition, the following Directors are standing for re-election at the forthcoming 48th AGM of the Company pursuant to the Company's Constitution as follows:-

| No. | Directors | Article No. |
|---|---|---|
| 1 | YBhg. Dato' Sri Zaini Bin Jass | 127 |
| 2 | Mr. Chiew Jong Wei | 127 |
| 3 | YBhg. Dato' Tan Bok Koon | 127 |
| 4 | Mr. Yak Boon Tiong | 127 |

All the above-mentioned Directors have expressed their willingness to seek re-election at the forthcoming 48th AGM of the Company.

The profiles of the retiring directors standing for re-election are set out in the Directors' Profile in the Annual Report 2024.

The Board does not fix a maximum tenure limit for Directors as the Board is of the view that there are significant advantages to be gained from the long-serving Directors who possess tremendous insight and knowledge of the Company's affairs.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(cont'd)*

### 2. Board Composition *(cont'd)*

**Board Committees**

To assist the Board in discharging its duties, the Board has established several Board Committees whose compositions and terms of reference are in accordance with the best practices.

The functions and terms of reference of Board Committees as well as authority delegated by the Board to these Committees, were approved by the Board, and are reviewed from time to time to ensure that they are relevant and up-to-date.

The Board Committees of the Company are as follows:

- Audit Committee
- Remuneration & Nomination Committee
- Risk Management Committee
- Investment Committee
- Long Term Incentive Plan Committee

Details of the Board members' membership in the various Board Committees are set out below:

| NO. | DIRECTOR | AUDIT COMMITTEE | REMUNERATION & NOMINATION COMMITTEE | RISK MANAGEMENT COMMITTEE | INVESTMENT COMMITTEE | LONG TERM INCENTIVE PLAN COMMITTEE |
|---|---|---|---|---|---|---|
| 1 | YBhg. Dato' Sri Zaini Bin Jass | - | - | - | - | - |
| 2 | Mr. Ku Chong Hong | - | - | - | Member | Member(6) |
| 3 | Mr. Chiew Jong Wei | - | - | - | Member | Member(5) |
| 4 | Sr. Mohd Nazri Bin Mat Noor | - | - | - | Chairman | - |
| 5 | YBhg. Dato' Tan Bok Koon | - | - | - | - | - |
| 6 | Mr. Liaw Way Gian | - | Chairman | - | - | Chairman(3) |
| 7 | Mr. Kang Wei Luen | Chairman | Member | Chairman | - | Member(4) |
| 8 | Dr. Dang Nguk Ling | Member | Member | Member | - | - |
| 9 | Mr. Yak Boon Tiong | Member(1) | - | Member(2) | - | - |

*(1) - (2) Appointed as a member of the respective Board committee on 29 February 2024*
*(3) Appointed as a Chairman of the respective Board committee on 29 May 2024*
*(4) - (6) Appointed as a member of the respective Board committee on 29 May 2024*

All proceedings, matters arising, deliberations in terms of the issue discussed, and recommendations made by the Board Committees at the Committees' meetings are recorded in the minutes by the Company Secretary, confirmed by the Board Committees, and signed by the Chairman of the said Committees.

Upon invitation, Management representatives were present at the Board Committees' meetings to provide additional insight into matters to be discussed during the said committee meetings, if so required.

All the Board Committees do not have executive powers but to report to the Board on all matters considered and their recommendations thereon.

The Terms of Reference of the respective Board Committees are available for reference at www.scib.com.my.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(cont'd)*

### 2. Board Composition *(cont'd)*

Audit Committee ("AC")

The Terms of Reference of the AC are set out under the AC Report in this Annual Report and further details are disclosed under Principal B: Effective Audit and Risk Management in this Statement.

Remuneration and Nomination Committee ("RNC")

The RNC comprises three (3) Non-Executive Directors, all of whom are independent directors. Meetings of the RNC are held as and when required, and at least once a year.

Role and responsibility

(i) To identify and recommend the proposed appointment of a new Director and the re-appointment of Directors upon the expiry of their respective tenures of office for approval of the Board. Any new Director will undergo a familiarisation programme, which includes a presentation of an overview of the Company's profile, products, factories and track records to facilitate the new Directors' understanding of the Company; The Company Secretary will ensure that all appointments of new Directors are properly carried out and all legal and regulatory obligations are met;
(ii) To review the Board Members' directorships in companies other than the Company; the number of directorships held is well within the restriction of not more than five (5) directorships in public listed companies as stated in the Listing Requirements;
(iii) To assess and review annually the independence and its continuation as the Independent Directors;
(iv) To review annually the performance of the Executive Directors and submit recommendations to the Board on specific adjustments in remuneration and/or reward payments that reflect their respective contributions for the year, and which are competitive and are in tandem with the Company's corporate objectives, culture and strategy; and
(v) To consider succession planning and review the leadership needs of the Group.

All assessments and evaluations carried out by the RNC in the discharge of all its functions shall be properly documented.

In 2024, the RNC carried out the annual review of the overall remuneration policy for Directors and Key Senior Management Officers and recommended for the Board's approval.

The RNC and the Board ensure that the Company's remuneration policy remains supportive of its corporate objectives and is aligned with the interest of shareholders, and further that the remuneration packages of Directors and key Senior Management Officers are sufficiently attractive to draw in and retain persons of high caliber.

The Board as a whole determines the remuneration of Non-Executive Directors, and each individual Director abstains from the Board's decision on his own remuneration.

The RNC's Terms of Reference was last reviewed and endorsed by the Board in May 2024.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(cont'd)*

### 2. Board Composition *(cont'd)*

Risk Management Committee ("RMC")

Among others, the RMC has the following roles & responsibilities:

a. Develop and recommend the Company's risk policies and objectives aligned with its strategic business objectives;
b. Communicate Board's risk policies, objectives, responsibilities, and reporting lines;
c. Identify and communicate to the Board all risks (present and potential) the Company faces, its changes and management action plans to manage those risks;
d. Perform risk oversight and review of risk profiles of the Company and regularly review business units' risk management processes;
e. Provide guidance to business units of the Company and its risk appetite and capacity, and other criteria which, when exceeded, trigger an obligation to report upward to the Board; and
f. All other risk management matters delegated by the Board.

For the year under review, the Board is satisfied with the performance of the RMC in discharging its duties and responsibilities in accordance with its Terms of Reference.

More information about the activities of the RMC is set out in the Statement on Risk Management and Internal Control in this Annual Report.

Investment Committee ("IC")

Among others, the IC has the following roles and responsibilities:

a. To review annual business plans and budgets for recommendation to the Board for approval;
b. To evaluate proposals on new investments and divestments of significant value to ensure they align with SCIB's vision, mission and corporate goals;
c. To approve investment up to a prescribed amount as determined by the Board from time to time, beyond which a recommendation will be made to the Board;
d. To review financial investment portfolios of the Group. This includes and is not limited to existing and new merger and acquisitions, new partnerships, divestments and large capital expenditure projects;
e. To oversee current and future capital and financial resource requirements;
f. To monitor the fund-raising activities of the Group;
g. To conduct the annual performance evaluation of the Group's investment activities;
h. To review and recommend to the Board of Directors the foreign exchange and hedging policies and procedures; and
i. To implement other necessary duties as mutually agreed by the Investment Committee and the Board of Directors or any other authorities that are required by law or regulated by any Government authority.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(cont'd)*

### 2. Board Composition *(cont'd)*

Long Term Incentive Plan Committee ("LTIP")

The LTIP Committee was formed on 29 May 2024 and comprises of not less than three (3) members, of whom two (2) members are Non-Executive Directors and one (1) of the Non-Executive Director serves as the Chairman of the LTIP Committee. Additionally, the LTIP Committee shall consist of at least one (1) Executive Director as the management representative. An LTIP meeting was held on 14 October 2024 during the year 2024.

The LTIP has the following roles and responsibilities:

- To exercise all powers and fulfil the duties and responsibilities as stated in the LTIP By-Laws;
- To decide the number of options and/or shares to be granted to eligible persons, the exercise price for the options, vesting conditions (if any) and such other terms in relation to the LTIP By-Laws;
- To enter into any transaction, agreements, deeds, documents or arrangement and make rules, regulations or impose terms & conditions, or delegate part of its power relating to the share options and share grant which the LTIP committee may, in its discretion, consider to be necessary subject to the provisions of the LTIP By-Laws;
- To regularly report its activities, including the discharge of responsibilities, to the Board and promptly provide the Board with copies of the minutes of LTIP Committee meetings;
- To arrange for periodic review of its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any change it considers necessary to the Board for approval;
- To act in accordance with the directives of the Board of Directors to ensure alignment with the company's strategic objectives; and
- To evaluate and address any actions and matters deemed appropriate by the LTIP Committee for the effective implementation and administration of share options and grants, ensuring compliance with the LTIP By-laws and relevant regulatory requirements.

The LTIP is for a period of five (5) years commencing on 24 July 2024 ("Effective Date") and may be extended by the Board at its absolute discretion for up to another five years immediately from the expiry of the first five (5) years. The entire LTIP shall not in aggregate exceed ten years from the Effective Date or such longer period as may be allowed by the relevant authorities.

### 3. Remuneration

The RNC is responsible for annually reviewing the performance of the Executive Director and Key Senior Management Officers, and making recommendations to the Board.

The remuneration of the Executive Directors is structured to link rewards to the Company and individual performance. As for Non-Executive Directors, the level of remuneration reflects mainly on the experience, qualification and competence of the Non-Executive Director concerned. The Non-Executive Directors are remunerated with Directors' fees which are subject to shareholders' approval at the AGM annually.

In recommending the proposed Directors' fees, the RNC takes into consideration the qualification, duty and responsibility, and contribution required from a director in view of the Company's complexity, and also the market rate among the industry. Nevertheless, the ultimate approval for the remuneration of Directors lies with the Board as a whole, with the respective interested Directors abstaining from deliberation and voting on the same.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(cont'd)*

### 3. Remuneration *(cont'd)*

The disclosure of the remuneration of individual Directors of the Company on a named basis for the financial year ended 30 June 2024 is provided under Practice 8.1 of the Corporate Governance Report, which is available on the Company's website at www.scib.com.my:

| NO. | DIRECTOR | SALARIES RM | FEES RM | MEETING ALLOWANCES & OTHER EMOLUMENTS RM | TOTAL REMUNERATION RM |
|---|---|---|---|---|---|
| **EXECUTIVE DIRECTOR** | | | | | |
| 1 | Mr. Ku Chong Hong | 600,000 | 36,000 | 32,171 | 668,171 |
| 2 | Mr. Chiew Jong Wei (1) | 354,035 | 20,032 | 57,257 | 431,324 |
| **NON-EXECUTIVE DIRECTOR** | | | | | |
| 1 | YBhg. Dato' Sri Zaini Bin Jass (2) | - | 40,065 | - | 40,065 |
| 2 | Sr. Mohd Nazri Bin Mat Noor | - | 36,000 | - | 36,000 |
| 3 | YBhg. Dato' Tan Bok Koon (3) | - | 20,032 | - | 20,032 |
| 4 | Mr. Liaw Way Gian | - | 36,000 | 1,200 | 37,200 |
| 5 | Mr. Kang Wei Luen | - | 36,000 | 18,520 | 54,520 |
| 6 | Dr. Dang Nguk Ling | - | 36,000 | 9,560 | 45,560 |
| 7 | Mr. Yak Boon Tiong (4) | - | 12,103 | 3,021 | 15,124 |
| **RESIGNED DIRECTORS** | | | | | |
| 1 | Encik Abang Abdillah Izzarim Bin Datuk Patinggi Tan Sri Abang Hj Abdul Rahman Zohari (5) | 187,419 | 32,129 | 6,961 | 226,509 |
| 2 | Encik Shamsul Anuar Bin Ahamad Ibrahim (6) | - | 16,065 | 4,413 | 20,478 |
| 3 | Ms. Toh Beng Suan (7) | - | 16,065 | - | 16,065 |
| 4 | Mr. Chin Choon Wei (8) | 150,000 | 14,700 | 5,000 | 169,700 |
| **TOTAL** | | **1,291,454** | **351,191** | **138,103** | **1,780,748** |

*(1) Appointed as the Executive Director with effect from 11 December 2023*
*(2) Appointed as the Independent Non-Executive Chairman with effect from 11 December 2023*
*(3) Appointed as the Independent Non-Executive Director with effect from 11 December 2023*
*(4) Appointed as the Independent Non-Executive Director with effect from 29 February 2024*
*(5) Retired as the Executive Chairman of the Company with effect from 11 December 2023*
*(6) Resigned as the Independent Non-Executive Director with effect from 11 December 2023*
*(7) Retired as the Independent Non-Executive Director with effect from 11 December 2023*
*(8) Resigned as the Executive Director with effect from 27 November 2023*

# CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### 1. Audit Committee

The Terms of Reference for the AC are set out under the AC Report in this Annual Report.

Relationship with the External Auditors

The AC has in place policies and procedures to review and assess the appointment or re-appointment of external auditors with respect to their suitability, objectivity and independence. There have not been any non-audit services that have compromised their independence as external auditors of the Company.

The AC in this regard assesses and reviews annually among others, the adequacy of their experience and resources, their audit engagements and the experience of the engagement partners and staff in accordance with the requirements of the Company.

Through the AC, the Company has established a formal and transparent relationship with the external auditors. The AC also meets with the external auditors without the presence of the Management to enable the AC to discuss matters privately with them.

Assurance from the external auditors has been received twice a year by the Board confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The Audit Committee is satisfied with the performance of the external auditors, Messrs. Kreston John & Gan, who are registered with the Audit Oversight Board of the Securities Commission and has recommended to the Board to put forth the proposal for shareholders' approval at the upcoming 48th AGM the re-appointment of Messrs. Kreston John & Gan as the external auditors of the Company for the financial year ending 30 June 2025.

### 2. Risk Management & Internal Control

The Board acknowledges their responsibility for the Company's system of risk management and internal control, which is designed to identify and manage the risks of the businesses of the Company, in pursuing of its objectives.

The system of risk management and internal control spans financial, operational and compliance aspects, particularly to safeguard the Company's assets and hence shareholders' investments.

In executing this responsibility, the Board via the AC and RMC and the outsourced internal audit function, has adopted procedures to monitor the ongoing adequacy and integrity of the system of risk management and internal control.

Information on the Company's system of risk management and internal control is presented in the Statement on Risk Management and Internal Control in this Annual Report.

## PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

### 1. Communication with Stakeholders

The Company maintain a regular policy of disseminating information that is material for shareholders' information via announcements made to Bursa Securities.

In compliance with the Listing Requirements, the Company releases timely financial information on a quarterly basis, which includes an overview of the performance of the Company.

In addition, the Company also put in place an electronic platform to enable communication with shareholders via its website which they can access to and obtain all information (operational, financial, corporate governance and investor relations aspects) on the Company by accessing this website.

All announcements made by the Company and information that are relevant to the shareholders and investors are available on the website.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

## PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS *(cont'd)*

**1. Communication with Stakeholders** *(cont'd)*

The Group views that a constructive and effective investor relations function is essential in enhancing shareholders' value. During the financial year ended 30 June 2024, the Company organises Investors briefing on 1 December 2023, 17 January 2024, 19 February 2024, and 1 March 2024 to share our business profile, products, recent developments and future prospects of the Group's business with research analysts, fund managers and their sales team.

Investor briefings create valuable opportunities for the Company to meet with research analysts and fund managers to share our business updates that are relevant to the analyst coverage area and provide information for their research paper.

**2. Conduct of General Meetings**

The Annual General Meeting ("AGM") is the principal forum for two-way interactions between the shareholders, the Board and the management team. The shareholders are encouraged and given sufficient opportunity to enquire about the Company's activities and prospects as well as to convey their expectations and concerns to the Board.

The Company conducted its last two (2) AGMs virtually in accordance with the Guidance Note issued by the Securities Commission and the Constitution of the Company which allows general meetings to be held virtually using technology or electronic means.

Each item of special business included in the Notice of Annual General Meeting will be accompanied by an explanatory statement for the proposed resolution to facilitate evaluation of the proposed resolution.

Shareholders are encouraged to put forward their questions on the proposed resolutions tabled at the general meetings. Members of the Board, the external auditors, senior management and/or advisers of the Company are present to answer queries raised at the general meetings.

Pursuant to paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, the Company is required to ensure that any resolution set out in the notice of general meetings is voted on by way of a poll via electronic voting. The explanatory note on the polling processes is included in the Administrative Guide circulated to shareholders and the same will be explained at the AGM prior to shareholders casting their votes. An independent scrutineer will be appointed to validate the poll results.

The 48$^{th}$ AGM will be conducted entirely through live streaming from the broadcast venue. Hence, all the resolutions tabled at the forthcoming 48th AGM to be held on 19 December 2024 will be voted on by way of a poll.

The shareholders will be briefed on the voting procedures while the results of the poll will be verified by an Independent Scrutineer.

The minutes of the 48$^{th}$ AGM will be published on the Company's corporate website at www.scib.com.my as soon as practical after the conclusion of the AGM.

## KEY FOCUS AREAS AND FUTURE PRIORITIES

The Board is satisfied that the Company has maintained high standards of corporate governance and strived to achieve the highest level of integrity and ethical standard, in all its business dealings.

Moving forward, the Board will continue to operationalise and improve the Company's corporate governance practices and instil a risk and governance awareness culture and mindset throughout the organisation in the best interest of all stakeholders.

This Statement was approved by the Board of Directors on 14 October 2024.