



# **BOARD CHARTER**

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## 1. Board Responsibilities

The Board of Directors (“Board”) is responsible for the proper stewardship of the Company and its subsidiaries (collectively “Group”). The Group is to ensure the maximisation of shareholder’s value and safeguarding the stakeholders’ interests including securing sustainable long-term financial results and increasing shareholder value, with proper social and environmental considerations.

The Board is also responsible to promote an effective execution of good corporate governance and a corporate culture of ethical conduct especially among its members and generally that would permeates throughout the Company by way of verbal communications and evidenced by the Board Charter. As part of its continuous effort to promote good corporate governance, periodical updates on the codes are informed to stakeholders by way of detailed reports in the Annual Report circulated every once a year. Hence, the Board should collectively have sound and sufficient knowledge and expertise to enable effective governance and oversight.

The Board has the following major responsibilities, which facilitate the discharge of the Board’s fiduciary and leadership functions in the pursuit of the best interest of the Group: -

- i. Adopting and reviewing a strategic plan of the Group;
- ii. Overseeing the conduct of the Group’s business to evaluate whether the business is being properly managed and sustained;
- iii. Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- iv. Succession planning, including appointing, training, fixing the remuneration of and where appropriate, replacing senior management personnel of the Group;
- v. Developing and implementing an investor relations programme by way of analyst report for the Group and pro-active communication with shareholder during the AGM and EGM; and
- vi. Reviewing the adequacy and integrity of the Group’s internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

In general, a director’s responsibilities include: -

- i. To be aware of the Group’s operating environment and promote safety and soundness of the Group;
- ii. To be diligent in undertaking his duties and avoid conflict of interest situation;
- iii. To understand his oversight role and exercise independent judgement in decision making;
- iv. To devote adequate time and attention to discharge his duties and responsibilities effectively; and
- v. To contribute actively to the functions of the Board and be able to provide sound and objective advice.

The matters listed below are reserved for the collective decision of the Board: -

### 1.1 Conduct of the Board

- A. Appointment of directors based on the recommendations by the Nomination Committee in accordance with the Company's Articles of Association.
- B. Appointment and removal of company secretaries Appointment and removal of board committees and members.
- C. Approval of terms and reference of board committees and amendments to such terms.
- D. Appointment of senior management personnel, including that of the Chief Executive Officer or Managing Director or Group Managing Director ("CEO/ MD/ GMD") and Executive Directors ("ED") of the Group and their duties and the continuation (or not) of their service.
- E. Providing governance in matters requiring corporate justice and integrity;
- F. Protecting the interest and provide for the information needs of various Stakeholders;
- G. Ensuring compliance with all relevant regulations and legislation.

### 1.2 Remuneration

- A. Upon recommendation by the Remuneration Committee on the directors' fee/ remuneration arrangements for non-executive directors, the Board shall deliberate and make recommendation to the Shareholders for approval.
- B. Approval of the remuneration structure and policy of senior management personnel, including CEO/ MD/ GMD and ED.
- C. Approval of remuneration packages for senior management personnel, including CEO/ MD/ GMD and ED.

### 1.3 Operational

- A. Approval of business strategy and group operational plan.
- B. Ongoing review of performance against business strategy and group operational plan, including monitoring of key risks and risk management policies and actions.
- C. Approval of capital expenditure as may be determined from time to time proposed by the Management.
- D. Approval of significant bad debts write-off in excess of the prescribed amount as may be determined from time to time proposed by the Management.
- E. Approval of investment or divestment in a company/ business/ property/ undertaking.
- F. Approval of investment or divestment of a capital project which represents a significant diversification from the existing business activities.
- G. Approval of changes in the major activities of the Group.
- H. Approval of the Limits of Authority for the Company banking purposes.

#### 1.4 Financial

- A. Approval of interim and annual financial statements.
- B. Approval for the release of financial announcements.
- C. Approval of Annual Report and Statutory Accounts of the Group.
- D. Approval of interim dividends, the recommendation of final dividends and the making of any other distribution.
- E. Adoption of accounting policies.
- F. Review the effectiveness of the Group's system of internal control. This function is delegated to the Audit Committee which will in turn report to the Board on its findings.

#### 1.5 Other matters

- A. The granting of powers of attorney by the Company.
- B. The entering into of any indemnities or guarantees.

## **2. Board Membership Guidelines**

### **2.1 Composition**

In accordance with the best practice in corporate governance and guideline prescribed in the Listing Requirement, the composition of the Board shall either be at least two (2) directors or one third (1/3) of the Board, whichever is higher, as independent directors or the Board shall consist of more than 50% as Independent Director. The earlier composition would be applied in case of the Chairman is a non-executive directors.

The tenure of an independent director should not exceed a cumulative term of 9 years. Upon completion of the 9 years, an independent director may continue to serve on the Board subject to the shareholder's approval at the Annual General Meeting ("AGM") in the event it retains the director as an independent director.

The board is responsible to determine the appropriate size of the Board. The screening and evaluation process for potential new directors and directors to be nominated for re-election are delegated to the Nomination Committee ("NC").

On the appointment of new director, the new director is required to commit sufficient time to attend to the Company's meetings/ matters before accepting his/ her appointment to the Board.

In accordance with the Malaysian Code of Corporate Governance 2012 ("MCCG"), Directors are required to notify the Chairman before accepting any new directorship and to indicate the time expected to be spent on the new appointment.

### **2.2 Role of Chairman**

The Chairman represents the Board to the shareholders. The Chairman is responsible for ensuring the integrity and effectiveness of the governance processes of the Board and will consult with the Board promptly over any matter that gives him cause for major concern.

The Chairman will act as facilitator at meetings of the Board and ensure that no Board member, whether executive or non-executive, dominates the discussion, and that appropriate discussion takes places and that relevant opinion among Board members are forthcoming.

The Board shall also appoint from amongst its member an Independent Non- Executive Director to be called Senior Independent Director, to whom concerns from the other directors, public or investors may be conveyed. Inquiries or complaints about decisions or actions taken by the Group should be addressed to the Senior Independent Director.

In the interest of the Company and under permitted circumstances, the Board shall exercise the separation of the positions of the Chairman and CEO/ MD/ GMD/ ED.

This would provide good perception to the Company as it promotes accountability and facilitate division of responsibilities between the executive and non-executive functions.

The key roles and accountabilities of the Chairman include: -

- A. Managing Board communications and Board effectiveness and effective supervision over Management;
- B. Creating conditions for good decision making during Board and shareholder meetings;
- C. Ensuring Board proceedings are in compliance with good conduct and best practices;
- D. Maintaining good contact and effective relationships with external parties, investing public, regulatory agencies and trade associations;
- E. Ensuring that quality information to facilitate decision-making is delivered to the Board on timely manner.

### 2.3 New Board members

New Board members shall be briefed on the terms of their appointment, their duties and obligations and on the operations of the Group. Copies of the following shall be provided to the newly appointed Director: -

- A. Board Charter;
- B. Memorandum and Articles of Association;
- C. Directors' Code of Ethics;
- D. Board committees' composition and terms of reference;
- E. Latest business plans;
- F. Latest annual reports and financial statements; and
- G. Organisation chart.

Directors' Code of Ethics ("Code")

Board members are required to observe the Directors' Code of Ethics as follows: -

- A. Compliance at all time with this Code of Ethics and the Board Charter. Observe good corporate governance at all times.
- B. Adhere to the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership.
- C. Act in good faith and in the best interest of the Company and Group.
- D. Not misuse information gained in the course of duties for personal gain or for political purposes, nor seeks to use the opportunity of the service as directors to promote their private interests or those of connected persons, firms, businesses or other organisations.

- E. Uphold accountability at all times. This includes ensuring that the Group's resources are properly safeguarded and the Group conducts its operations as economically, efficiently and effectively as possible at all time.
- F. Board members must not accept positions on Board committees or working groups where a conflict of interest is likely to arise, without first declaring that interest.
- G. By consensus of the Board of Directors, the Senior Independent Non- Executive Director would be the appropriate person to receives any communication and feedback which facilitate whistle-blowing.
- H. Declaration of any personal, professional or business interests that may conflict with directors' responsibilities. Guidance on declaration and registration of interests is given in the section entitled "Declaration of Interest" below.
- I. Follow the guidelines on acceptance of gifts and hospitality as stated in the section entitled "Guidelines on Acceptance of Gifts" below.

#### Declaration of Interest

Subject to the requirement of any acts, rules and regulations that are in force from time to time and in addition to such mandatory requirements, members of the Board are required to notify the Company Secretary on changes/ occurrences in the following matter:

1. Shareholding in the Company and its related corporations, whether direct or indirect; and
2. Directorships or interest in any other corporations.

In addition to the above, member of the Board who has a material interest, either directly or through a partner, spouse or close relative, in matters being considered by, or likely to be considered by the Board should declare that interest. Such declarations should describe the interest clearly and state whether it carries direct or indirect financial benefits. This requirement also applies to members of senior management personnel.

Relevant interests in this context are as follows: -

1. Executive and non-executive directorships of, significant shareholdings in, or employment by, public or private companies likely or possibly seeking to do business with the Group.
2. Ownership of part-ownership of, or employment by, businesses or consultancies likely or possibly seeking to do business with the Group.

#### Register of Interest

The Code requires that a formal register of interests be established. The register should include details of all directorships and other relevant interests declared by Board members and members of senior management personnel.



The register should be kept up-to-date through an annual survey of members' interests, carried out by the Company Secretary.

### Conduct in Meetings

Any Board member who has a clear and substantial interest in a matter under consideration by the Board should declare that interest at any meeting where the matter is to be discussed, whether or not that interest is already recorded in the register. The Board member concerned should withdraw from the meeting during the relevant discussion or decision.

### New Directorships

Board members should not accept positions on Board Committee or working groups where a conflict of interest is likely to arise, without first declaring that interest.

### Guidelines of Acceptance of Gifts

Relevant interests in this context are as follows: -

1. The conduct of individuals must not create suspicion of any conflict between their positions as a member of the Board and any private interest.
2. Board members acting as such must not give the impression that they have been influenced by a benefit to show favour or disfavour to any person or organisation having dealings with the Group.
3. Board members must not accept any benefit as an inducement or reward for taking any action (or specifically not taking any action) in their official capacity as a Board member.
4. Gifts other than of token value should generally be refused.

## 2.4 Shareholdings by Board members in the Company

Board members may hold shares in the Company. Buying or selling shares in the Company is allowed, provided that the Board members must strictly observe the provisions of the Bursa Listing Requirements, Articles of Association of the Company, the Directors' Code of Ethics and all relevant legislative and regulatory requirements.

In the event the Chairman of the Board is not an independent director, the Board must ensure that the composition of the Board should comprise majority of independent directors to ensure balance of power and authority on the Board.

### **3. Board Structures and Producers**

#### **3.1 Board Committees**

The Board may delegate specified matters to individual members or committees of the Board to oversee critical or major functional areas and to address matters which required detailed review or in-depth consideration. All such committees must be provided with written terms of reference which state clearly the extent and limits of their responsibilities and authority, specifically whether they have authority to decide on behalf of the Board or are to report back to the Board.

There shall be established, but not limited to the following committees: -

- i. Audit Committee;
- ii. Nomination Committee
- iii. Remuneration Committee
- iv. Strategic Planning Committee

The terms of reference for the above committees can be found on the company's website [www.smrhub.com](http://www.smrhub.com)

#### **3.2 Board Meetings**

The Board shall meet at regular intervals throughout the year. At each scheduled meeting, the Board shall consider, where applicable: -

- A. The financial results;
- B. Consider and, if deem appropriate, declare or recommend the payment of dividends to shareholders;
- C. Review the reports and recommendations of the AC, NC and RC;
- D. Approve the quarterly report and quarterly financial statement as content for the announcement to Bursa to be used by the shareholders and the public;
- E. Matters which are reserved for its collective decision;
- F. Significant capital expenditure and acquisitions;
- G. Significant disposal of the Company or the Group's assets;
- H. Major issues and opportunities;
- I. Committee minutes/ Board Circular resolutions for notation;
- J. Changes in directorships and disclosure of interests;
- K. Disclosure of dealings by directors/ principal officers; and
- L. Any other matter requiring its authority.

### 3.3 Access to Independent Professional Advice

In discharging the Directors' duties, each member of the Board is entitled to obtain independent professional advice at the cost of the Group.

### 3.3 The Company Secretary

The appointment and removal of Company Secretary or Secretaries of the Board shall be the decision of the Board upon recommendation by the CEO/ MD/ GMD and ED.

The Company Secretary is responsible for ensuring that Board procedures are followed, that the applicable rules and regulations for the conduct of the affairs of the Board are complied with and for all matters associated with the maintenance of the Board or otherwise required for its efficient operation.

## **4. Relationship of The Board with Management**

### **4.1 Access to Management and Information**

Board members should be given unrestricted access to the Group's Management and to the accurate and complete information pertaining to the Company and/ or the Group including from the Company and/ or the Group's auditors and consultants.

Board members must use proper judgement to ensure that the contact is not distracting to the business operations of the Group and the functioning of Management. Any such contact must be made through the CEO/ MD/ GMD and ED.

### **4.2 Position of CEO/ MD/ GMD and ED**

The Board will link the Group's governance and Management functions through the Chairman with the CEO/ MD/ GMD and ED. All Board authority conferred on Management is delegated through the CEO/ MD/ GMD and ED so that the authority and accountability of Management is considered to be the authority and accountability of the CEO/ MD/ GMD and ED so far as the Board is concerned.

### **4.3 Accountability of CEO/ MD/ GMD and ED**

The CEO/ MD/ GMD and ED is accountable to the Board for the achievement of the Company's and/ or the Group's goals and for the observance of the Management authorities.

The CEO/ MD/ GMD and ED shall be the head of the Management of the Group and in that capacity is answerable to the Board.

The key roles and functions of the CEO/ MD/ GMD and ED, amongst others, include:

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- i. Ensuring the business survival by strategically anticipate the favourable and adverse market conditions based on all possible available information;
- ii. Developing the strategic direction of the Group in line with the sustainable long-term financial results and increasing shareholder value, with proper social and environmental considerations;
- iii. Ensuring that the Group's strategies and corporate policies are effectively implemented;
- iv. Ensuring that Board decisions are implemented and Board directions are adhered to;
- v. Providing directions in the implementation of short and long term business plans;
- vi. Providing strong leadership i.e. effectively communicating a vision, management philosophy and business strategy to the employees;
- vii. Keeping Board fully informed of all important aspects of the Group's operations and ensuring sufficient information is distributed to the Board members;

- viii. Ensuring high performance and productivity of senior management personnel by creating appropriate conditions for senior management personnel motivation, performance management and professional development;
- ix. Ensuring compliance with all relevant legislation and regulations by reviewing policies and monitoring compliance;
- x. Developing and maintaining effective relations with significant agencies, investing public and other trade associations and institutions; and
- xi. Ensuring the day to day business affairs of the Group is effectively managed.

#### 4.4 Management Authorities

The CEO/ MD/ GMD and ED are expected to act within all specific authorities delegated to him by the Board.

The assets of the Group are expected to be adequately maintained and protected and not unnecessarily placed at risk.

The CEO/ MD/ GMD and ED shall within the specific authorities delegated to him by the Board to develop, steer and manage the Group to a greater height with support from the key management staff.

## **5. Directors' Remuneration**

Upon recommendation by the RC on the Directors' remuneration, the Board would decide whether to accept or otherwise. A remuneration package deliberate by the RC would take into consideration the following areas: -

- i. attract, retain and motivate Directors that increases productivity and profitability in long run; and
- ii. achievement of desired goals and objectives.

A review of the fees for non-executive directors should take into account fee levels and trends for similar positions in the market and also the Group's financial position in the market among its peers.

## **6. Corporate Governance Disclosure**

The Board guided by the Bursa Listing Requirements shall ensure to provide adequate narrative statement of its corporate governance practices ("Corporate Governance Statement") with reference to the MCCG in the Company's Annual Report. Among the crucial information to be disclosed is the application of principals set out in the Board Charter and alternatives method adopted by the Board or the Company to be in compliance to the MCCG.

The Corporate Governance Statement would also include feedback from management, if any. Disclosures of the statement are made by way of circulating the Annual Report in publicly available domain and at the Company's website.

## **7. Relationship of The Board with Shareholders**

### **7.1 Encourage Shareholders Participation at General Meeting**

In order to provide ample time to shareholders to attend any general meetings, notices are circulated and disseminate to all shareholders in accordance with the Company's Articles of Association. The Board of Directors are taking pro- active action to communicate with shareholder during the AGM and EGM. The shareholders are able to get adequate and accurate information by way of the constructive engagement allowing the shareholders to make informed decisions.

## 7.2 Encourage Poll Voting

To further enhance the efficiency of voting during general meeting, the Board would have the option to explore all available method of casting votes among others poll voting by way of electronic voting. Subject to the suitability of the electronic voting, it offers the Board and the Company an alternative and attractive way to cast votes.

<b>Market Conditions</b>	<b>Financial Request (RM m)</b>	<b>NPV (RM m)</b>	<b>IRR</b>	<b>Years</b>
Low	0.5	0.5	7 %	3
Central	0.5	0.7	10 %	3
High	0.5	1	12 %	2