

**SUIWAH CORPORATION BHD.** (253837 H)  
(Incorporated in Malaysia)

**BOARD CHARTER**

**1. Introduction**

The Board Charter ("Charter") is a charter of the Board of Directors ("the Board") of Suiwah Corporation Berhad ("the Company") and its subsidiary companies ("the Group"). The Charter sets out the principal role of the Board, the demarcation of the roles, duties and responsibilities of the Board.

The Board is accountable to its members and shareholders for the corporate governance and performance of the Company.

**2. Board Structure**

2.1 The Board balance and mix should be comprised of: -

- The number of directors shall be not less than 2 but not more than 15 as set out in the Company's Constitution;
- In accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("LR"), the Company must ensure that at least 2 directors or 1/3 of the board of directors of the Company, whichever is higher, shall be independent directors. If the number of directors of the Company is not 3 or a multiple of 3, then the number nearest 1/3 must be used for purposes of determining the requisite number of Independent Directors;
- All newly appointed directors shall retire and be re-elected by the shareholders at the Company's Annual General Meeting ("AGM"). At each AGM of the Company, an election of directors shall take place each year and all directors shall retire and be eligible for re-election once every three (3) years.
  - Directors appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the next annual general meeting of the Company but shall be eligible for re-election.
- The appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

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- The board should use a variety of approaches and sources to ensure that it is able to identify the most suitable candidates. This may include sourcing from a directors' registry and open advertisements or the use of independent search firms.

## 2.2 Tenure of Independent Director

The tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. However, upon completion of the nine (9) years, the Independent Director may continue to serve on Board subject to his/her redesignation as Non-Independent Director. In the event the Director was to remain designated as an Independent Director, the Board shall first justify and obtain shareholders' approval.

The Board must justify and seek shareholders' approval in the event it retains as an Independent Director, a Board member who has served in that capacity for more than nine (9) years.

In the event the Board continues to retain the Independent Director after the twelfth (12) year, the Board should seek annual shareholders' approval through a two-tier voting process as guided by the MCG 2017, as follows: -

*Tier 1: Only the Large Shareholder(s)\* of the Company, votes*

*Tier 2: Shareholders other than Large Shareholder(s) votes*

Large Shareholder means a person who: -

- (a) is entitled to exercise, or control the exercise of, not less than 33% of the voting shares in the Company;
- (b) is the largest shareholder of voting shares in the Company;
- (c) has the power to appoint or cause to be appointed a majority of directors of the Company; or
- (d) has the power to make or cause to be made, decisions in respect of the business or administration of the Company, and to give such effect to such decisions or cause them to be given effect to.

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The decision for the resolution is determined based on the simple majority of votes of Tier 1, and a simple majority of votes of Tier 2. The resolution is deemed successful if both Tier 1 and Tier 2 votes support the resolution. The resolution is deemed defeated where the vote between the two tiers differs or where Tier 1 voter(s) abstained from voting.

The Board will undertake a rigorous review to determine whether the 'independence' of the director has been impaired to justify retaining an Independent Director beyond the cumulative term limit of nine (9) years.

### 2.3 Company Secretary

The Board is supported by a suitably qualified and competent Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

The Board has ready and unrestricted access to the advice and services of the Company Secretaries, who are considered capable of carrying out the duties to which the post entails.

The appointment and removal of the Company Secretary will be subjected to the approval of the Board.

The roles and responsibilities of the Secretary include, but are not limited to the following: -

- Manage all board and committee meeting logistics, attend and record minutes of all board and committee meetings and facilitate board communications;
- Advise the board on its roles and responsibilities;
- Facilitate the orientation of new directors and assist in director training and development;
- Advise the board on corporate disclosures and compliance with company and securities regulations and listing requirements;
- Manage processes pertaining to the annual shareholder meeting;
- Monitor corporate governance developments and assist the board in applying governance practices to meet the board's needs and stakeholders' expectations; and
- Serve as a focal point for stakeholders' communication and engagement on corporate governance issues.

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2.4 Board Committees

The Board may from time to time establish committees as is considered appropriate to assist in carrying out its duties and responsibilities. The Board delegates certain functions to the following committees, each with clearly defined Terms of Reference, to assist in the execution of its responsibilities: -

- Audit Committee
- Nomination and Remuneration Committee

The Chairman of the relevant committees reports to the Board on the outcome of the committee meetings.

2.5 Expectation of each Director

Each Director shall commit the time to attend at least 50% of all Board Meetings and Board Committee Meetings where he is part of the Board Committee in any applicable financial year with appropriate leave of absence notified to the respective Chairman of the Board or Board Committee.

Each Director shall commit to provide his relevant expertise advice in the best interest of the Company.

Each Director shall abide by the all duties and responsibilities of a director as prescribed under Subdivision 3 of Division 2 of the Act and the LR.

2.6 Directors' Remuneration

The Board has adopted Group Remuneration Policy and the parent company's recommendations to set the remuneration of its Executive Directors. The compensation system takes into account the performance of each Executive Director and the competitive environment in which the Group operates. The Executive Directors are not and should not be taking part in deciding their own remuneration.

The remuneration of the Non-Executive Directors will be based on the experience and the level of responsibilities undertaken by them. The determination of the remuneration of the Non-Executive

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Directors shall be matter of the Board as a whole with the Director concerned abstaining from deliberation and voting in respect of his/her individual remuneration.

The remuneration and incentives for Independent Directors do not conflict with their obligation to bring objectivity and independent judgment on matters discussed at Board's meetings.

**3. Roles of the Board**

The Board oversees the business and affairs of the Company and will assume, amongst others, the following duties and responsibilities: -

- 3.1 reviewing and adopting a strategic plan for the Company, including establishing Company Goals and ensuring that the strategic plan of the Company supports long-term value creation and includes strategies on economic, environment and social considerations underpinning sustainability;
- 3.2 overseeing the conduct of the Company's business to evaluate whether the business is properly managed;
- 3.3 identifying principal risks, set the risk appetite within which the Board expects the Management to operate and ensuring the implementation of appropriate systems to manage the significant financial and non-financial risks and ensuring there is a sound framework for internal controls and risk management;
- 3.4 succession planning including appointing, training, fixing the remuneration and where appropriate, replacement key management personnel;
- 3.5 overseeing the development and implementation of shareholders' communication policy for the Company to ensure effective communication with its shareholders and other stakeholders;
- 3.6 reviewing the adequacy and the integrity of the Company's internal control system and management information systems, including systems for ensuring compliance with applicable laws, regulations, rules, directives and guidelines;

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- 3.7 together with senior management, promote good corporate governance culture within the Company which reinforces ethical, prudent and professional behavior; and
- 3.8 review, challenge and decide on the Management's proposals for the Company, and monitor its implementation by the Management.

**4. Matters Reserved for the Board**

The following are matters reserved for collective decision of the Board which may be varied from time to time as determined by the Board: -

- corporate plans and programs;
- annual budgets, including major capital commitments;
- new ventures;
- material acquisitions and disposals of undertakings and properties;
- audited and quarterly financial statements;
- interim dividends;
- terms of reference of Board Committees;
- changes to the management and control structure within the Group; and
- the giving of any guarantee (with the exception of bank guarantee in connection with the operating business) or indemnity of the creation or issue of any debenture, mortgage, charge or other security or interest over its assets by the Group.

**5. Roles of Managing Director**

The Board will ensure that its Managing Director is an executive member of the Board. The roles of the Managing Director and Executive Director are distinct and separated to ensure a balance of power and authority.

- 5.1 The Managing Director is responsible for the overall leadership and functioning of the Board. The key roles of the Managing Director, amongst others, are as follows: -
  - ensure that the Board functions effectively, cohesively and independently of the Management;
  - providing governance in matters requiring corporate justice and integrity;
  - leading the Board, including presiding over Board meetings and Group meetings and directing Board discussions to effectively

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use the time available to address the critical issues facing by the Group;

- promoting constructive and respectful relationship between board members and management; and
- ensure that there are effective communication between the Group and its shareholders and relevant stakeholders.

## **6. Roles of Executive Director**

6.1 The Executive Director is responsible for the day-to-day management of the Group. The Board gives direction and exercises judgement in setting the Group's objectives and overseeing their implementation. The key roles of the Executive Director, amongst others, are as follows: -

- developing strategic direction of the Group;
- ensure that the Group's business is properly and efficiently managed by ensuring that the executive team implements the policies and strategies adopted by the Board and its Committees;
- ensure that the objectives and standards of performance are understood by the Management and employees;
- ensure that the operational planning and control systems are in place;
- monitoring performance results against plans; and
- taking remedial action, where necessary.

6.2 Executive Directors will attend Board meetings to discharge their Board responsibilities. At Board meetings, the Board's responsibilities supersede all executive responsibilities.

## **7. Roles of Committees**

The roles and responsibilities of Audit, Remuneration and Nomination Committees are set out in the terms of reference of each Committee.

## **8. Board Meetings**

8.1 The Board shall schedule at least 4 quarterly meetings annually. The Notice of Board Meeting, full agenda and the supporting Board Papers should be given in advance of each Board Meeting and Directors are expected to review in advance any such materials in order to facilitate meaningful deliberation during each meeting.

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8.2 The Board may invite external parties such as auditors (both internal and/or external auditors), solicitors or consultants as and when the need arises. Such invited parties may attend part or all of the Board Meeting at the discretion of the Board.

8.3 At each meeting the Board will consider: -

- an operational report from the Management;
- a report on the financial performance;
- specific proposals for capital expenditure and acquisitions;
- major issues and opportunities for the Company; and
- approve the quarterly financial statements for announcement to authorities.

In addition to the Board will, at intervals of not more than one (1) year: -

- approve annual financial statements, other reports to Shareholders and public announcements;
- consider and, if appropriate, declare or recommend the payment of dividends;
- review the Board composition, structure and succession;
- review the Company's audit requirements;
- review the performance of, necessity for and composition of Board committees;
- undertake Board evaluations;
- review Directors' remuneration;
- review risk assessment policies and controls and compliance with legal and regulatory requirements;
- review the following year's business plan, if any and approve the annual budget, if any.

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**9. Directors' Training and Continuing Education Program**

In addition to the Mandatory Accreditation Program as required by the Bursa Malaysia Securities Berhad, the Directors shall continue to update their knowledge and enhance their skills through appropriate continuing education programs. This will enable Directors to effectively discharge their duties and sustain active participation in the Board deliberations.

**10. Shareholders Communication**

10.1 The Board will maintain effective communications policy that enables both the Board and the Management to communicate effectively with shareholders and the general public.

10.2 The Board will ensure that the General Meetings of the Company are conducted in an efficient manner and serve as a mode in shareholders communications. These include the supply of comprehensive and timely information and notice to shareholders and the encouragement of active participation at the General Meetings.

10.3 All Directors would commit to attend the General Meetings of the Company in order to provide an opportunity for the shareholders to effectively engage with each Director.

10.4 The Board ensures timely release of financial results on a quarterly basis and other major developments to provide the Shareholders with an overview of the Company's performance and operations.

10.5 Shareholders can gain access to information about the Company including the summary of the Company's investor relation activities and media releases through the Company's website, [www.suiwah.com.my](http://www.suiwah.com.my)

**11. Review of Board Charter**

The Board will review this Charter from time to time and make the necessary amendments to ensure that they remain consistent with the Company's objectives, current law and practices.