



# BOARD CHARTER

APPROVED BY Board of Directors	
EFFECTIVE DATE	25 April 2013
REVISION DATE	28 May 2018
VERSION NUMBER	2018/Version 3
PURPOSES	To outline the roles, responsibilities, authorities and operation of the Board and Board Committees.
SCOPE / APPLICATION	
<p>(1) The Charter applies to the directors of the Company.</p> <p>(2) The Charter does not overrule or pre-empt the statutory requirements and other relevant statutes.</p> <p>(3) This Board Charter is not an “all inclusive” document and should be read as a broad expression of principles.</p>	

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## 1. OVERVIEW

The Board of Directors of SCC Holdings Berhad (“the Board” or “the Directors”) recognizes good corporate governance is fundamental and important to the success of the Company’s business growth, sustainability and competitiveness.

The Directors are expected to act in a professional manner and discharge their duties with high ethical values, honesty and accountability in their commitment to good corporate governance practices.

This Board Charter is established to promote high standards of corporate governance and outlines the manner in which the roles and responsibilities of the Board will be exercised and discharged with regards to principles of good corporate governance, best practices and applicable laws.

This Board Charter shall constitute and form an integral part of each Director’s duties and responsibilities.

## 2. OBJECTIVES

- i. To ensure that all Directors are aware of their roles and responsibilities, and
- ii. To provide guidance, clarity and assist the Directors in exercising and discharging their fiduciary duties in accordance with the principles and practices of good corporate governance and applicable laws and legislations.

## 3. THE BOARD

### 3.1 Roles and Responsibilities

The Board is accountable to shareholders for the performance of **SCC Holdings Berhad (the “Company” or the “Group”)**. The primary responsibility of the Directors is to exercise their business judgment to act in the best interests of the Group and its shareholders.

The main functions and roles of the Board are as follows:

#### 3.1.1 Reviewing and adopting a strategic plan for the Group

To review, evaluate and approve the strategic plans/directions, taking into consideration the opportunities and risks of the business of the Group, rapidly changing environment and market conditions.

#### 3.1.2 Overseeing the conduct of the Group’s business

To ensure the effective discharge of its functions and responsibilities, the Board delegates the day-to-day management of the Group’s business to the Management. The Group Managing Director is responsible for the implementation of the Board’s decisions, overall responsibilities over the day-to-day operations of the Group’s business and operational efficiency.

#### 3.1.3 Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures

The Risk Management Committee (“RMC”), headed by the Group Managing Director advises the Audit Committee and the Board on areas of high risk faced by the Group and the adequacy of compliance and control throughout the Group.

#### **3.1.4 Succession planning**

- The Board recognizes the importance of succession planning in building long-term sustainable performance excellence.
- The Board continuously identifying suitable candidates for senior managerial positions to ensure continuity of key positions, emphasising the value on company culture and business ethic through education and training.

#### **3.1.5 Overseeing the development and implementation of a shareholder communications policy for the Group**

To develop and implement an investor relations program to better communicate with stakeholders.

#### **3.1.6 Reviewing the adequacy and the integrity of the management information and internal controls system of the Group**

To ensure a sound risk management and internal control framework is established to manage risks and to safeguard shareholders’ investment and the Group’s assets.

#### **3.1.7 Code of Ethics**

The business environment will continue to become more complex and the company notes that this has imposed a greater demand for reasonable competence amongst company directors. The purpose of the Code of Ethics is to establish corporate accountability which includes standards of professionalism and trustworthiness in order to uphold good corporate integrity. It also aims to uphold the social responsibility in line with the legislation, regulations and guidelines for administering a company.

The principal of the Code of Ethics is based on four elements, which are sincerity, integrity, responsibility and corporate responsibility. In the performance of the directors’ duties, a director should at all times observe the following codes:

- i. Should have a clear understanding of the aims and purpose, capabilities and capacity of the company;
- ii. Should devote time and effort to attend meetings and to know what is required of the board and each of its directors, and to discharge those functions;
- iii. Should ensure at all times that the company is properly managed and effectively controlled;
- iv. Should stay abreast of the affairs of the company and be kept informed of the company’s compliance with the relevant legislation and contractual requirements;
- v. Should insist on being kept informed on all matters of importance to the company in order to be effective in corporate management;
- vi. Should limit his directorship of companies to a number in which he can best devote his time and effectiveness; each director is his own judge of his abilities and how best to manage his time effectively in the company in which he holds directorship;
- vii. Should have access to the advice and services of the company secretary, who is responsible to the board to ensure proper procedures, rules and regulations are complied with;

- viii. Should at all times exercise his powers for the purposes they were conferred, for the benefit and prosperity of the company;
- ix. Should disclose immediately all contractual interests whether directly or indirectly with the company;
- x. Should neither divert to his own advantage any business opportunity that the company is pursuing, nor may he use confidential information obtained by reason of his office for his own advantage or that of others;
- xi. Should at all times act with utmost good faith towards the company in any transaction and to act honestly and responsibly in the exercise of his powers in discharging his duties; and
- xii. Should be conscious of the interest of shareholders, employees, creditors and customers of the company;
- xiii. Should at all times promote professionalism and improve the competency of management and employees.
- xiv. Should ensure adequate safety measures and provide proper protection to workers and employees at the workplace.
- xv. Should ensure the effective use of natural resources, and improve quality of life by promoting corporate social responsibilities.

### **3.1.8 Whistleblowing**

The Board had developed a Whistleblowing Policy which would form part of the Code of Ethics in 3.1.7 above.

The details of the policy can be accessed at [www.sccholdings.com.my](http://www.sccholdings.com.my).

## **3.2 The Board Structure**

### **3.2.1 Board Size and Composition**

- i. In accordance with the Company's memorandum and articles of association ("M&A"), the number of total directors of the Board shall not be less than two (2) and more than fifteen (15).
- ii. In compliance with Paragraph 15.02 of the Ace Market Listing Requirements of Bursa Securities, at least two (2) directors or one-third (1/3) of the Board, whichever is the higher, to be independent.
- iii. The Board shall consist of qualified individuals with diverse backgrounds, experiences, expertise and wide range of skills to ensure its effectiveness.

### **3.2.2 Appointments**

- i. The appointment of a new Director is a matter for consideration and decision by the full Board upon appropriate recommendation from the Nomination Committee.
- ii. New Directors are expected to have such expertise and necessary skills so as to qualify them to make a positive contribution to the Board.
- iii. The Company Secretary has the responsibility to ensure that relevant procedures relating to the appointments of new Directors are properly executed.

### **3.2.3 Re-election**

The M&A of the Company provides that one-third (1/3) of the Directors are subject to retirement by rotation at the Annual General Meeting (“AGM”) at least once in every three (3) years and all retiring Directors shall be eligible for re-election.

The M&A of the Company further provides that all Directors who are appointed during the financial year are subject to retirement and re-election by the shareholders at the AGM following their appointment.

### **3.2.4 Independence**

- i. The Independent Directors provide unbiased and independent views in ensuring that the strategies proposed by the Management are fully deliberated and examined objectively, taking into perspective the long term interests of shareholders, other stakeholders and the community at large.
- ii. The Independent Directors help to ensure the interests of the non-controlling interests are protected and can make significant contributions to decision making process by bringing in the quality of detached impartiality.
- iii. The Independent Directors act independently of management and do not participate in any business dealings and are not involved in any other relationship with the Group that may impair their independent judgment and decision-making.
- iv. The Independent Directors provide independent judgment and their views should carry significant weight in the Board’s decision making process, and
- v. The Independent Directors provide a broader view and independent assessment to the Board’s decision making process by acting as an effective check and balance.

### **3.2.5 Tenure of Independent Director**

The tenure of an Independent Director shall not exceed a cumulative term of nine (9) years and that an Independent Director may continue to serve on the Board if the Independent Director is re-designated as a Non-Independent Non-Executive Director upon completion of the nine (9) years.

### **3.2.6 Time Commitment**

To ensure that the Directors have the time to focus and fulfill their roles and responsibilities effectively, one of the criteria is they must not hold directorships in more than five (5) public listed companies. The Directors are required to submit an update on their other directorships annually.

Each Director is expected to attend and participate in all Board meetings and Board Committee meetings in which he/she is a member and is encouraged to attend all annual meetings of shareholders.

### **3.2.7 Assessment and Evaluation**

The Board recognizes the importance of assessing the effectiveness of individual Directors, the Board as a whole and the Board Committees. The assessment shall be carried out on an annual basis.

### **3.2.8 Training and Development**

- i. In compliance with Bursa Securities Listing Requirements, all Directors are required to attend the Mandatory Accreditation Program.
- ii. The Board will assess the training needs of the Directors and ensure Directors have access to continuing education program. The Board shall disclose in the corporate website at [www.sccholdings.com.my](http://www.sccholdings.com.my) the education program or trainings attended by the Directors.
- iii. The Board members are encouraged to attend seminars, training programs from time to time to broaden their knowledge and to keep abreast with the relevant changes in laws, regulations and the business environment.
- iv. The Board is also constantly updated by the Company Secretary on changes to the relevant guidelines on the regulatory and statutory requirements.

### **3.3 Clear Functions of the Board and Management**

#### **3.3.1 Chairman**

The Chairman is primarily responsible for ensuring Board's effectiveness and conduct of all aspects of its role. The responsibilities of the Chairman include:

- i. Ensure that all relevant issues for the effective running of the Company's business are on the agenda;
- ii. Ensure that clear and quality information to facilitate decision-making is delivered to Board members on a timely basis;
- iii. Encourage all directors to play an active role in Board activities and facilitate the effective contributions of all members of the Board;
- iv. Chair general meetings of shareholders;
- v. Ensure that there is regular and effective evaluation of the Board's performance;
- vi. Ensure that every Board resolution and questions arising at any Board meeting to be decided by a majority of votes;
- vii. Ensure the integrity and effectiveness of the governance process of the Board;
- viii. Act as facilitator at Board meetings to ensure that no Board member, whether Executive or Non-Executive, dominates discussion, that appropriate discussion takes place and that relevant opinion among members is forthcoming and ensure that discussions result in logical and understandable outcomes, and
- ix. Perform other responsibilities assigned by the Board from time to time.

#### **3.3.2 Group Managing Director ("GMD")**

The responsibilities of the GMD include:

- i. Oversee the daily management of the Group's operations to ensure the smooth and effective running of the Group;
- ii. Develop and implement overall strategic policy and directions of the Group's business operations based on effective risk management controls;
- iii. Ensure that the financial management practice is performed at the highest level of integrity and transparency and that the business and affairs of the Group are carried out in an ethical manner and in compliance with the relevant laws and regulations;

- iv. Ensure high management competency and that an effective management succession plan is in place to sustain continuity of operations;
- v. Direct and control all aspects of the business operations in a cost effective manner;
- vi. Be the official spokesman for the Group and responsible for regulatory, governmental and business relationships;
- vii. Maintain and facilitate a positive working environment and good employee relations;
- viii. Manage the Group through the collective efforts of the Executive Directors and General Managers and leads the Management team to carry out their roles, duties and functions effectively;
- ix. Attend to any queries or concerns regarding the Group raised by shareholders, investors, media, relevant authorities and the public, and
- x. Implement the policies, strategies and decisions adopted by the Board. All Board authorities conferred on the Management is delegated through the GMD and this will be considered as the GMD's authority and accountability as far as the Board is concerned

#### **4. BOARD COMMITTEES**

To assist the Board in fulfilling its duties and responsibilities, the Board has established the following Board Committees with specific Terms of Reference that can be access at [www.sccholdings.com.my](http://www.sccholdings.com.my) :

- Audit Committee
- Nomination Committee
- Remuneration Committee

Each Committee has an obligation to report on its Meetings and deliberations to the Board and the minutes of all Committee Meetings are tabled to the Board Meetings for the Directors to take note

##### **4.1 Audit Committee**

The Audit Committee plays a crucial role in the corporate governance process. The Audit Committee should comprise individuals with broad business experience, competence in business matters, proactive, financially literate and receptiveness to new ideas to ensure the effectiveness of the Audit Committee in providing independent, objective and effective oversight.

The key responsibilities of the Audit Committee are as follows:

- i. Review the appropriateness of accounting policies applied by the Group as well as the changes in these policies;
- ii. Assist the Board in overseeing the financial reporting process and the quality of the financial reporting by the Group;
- iii. Review and monitor the accuracy and integrity of the Group's annual and quarterly financial statements for announcement to the public within the stipulated time frame;
- iv. Provide independent assessment on the adequacy, efficiency and effectiveness of the Group's
- v. Review the competency of the internal audit function and assess the risks and control environment;

- vi. Evaluate the external audit process, to consider the auditor's competence and independence, the scope of the audit and whether the fee is sufficient to enable a quality audit to be conducted, and
- vii. Review conflict of interest situations and related party transactions

#### **4.1.1 Duties and Responsibilities**

The duties and responsibilities of the Committee shall be:

##### **i. External Audit**

- a. To consider and review the performance of the External Auditor, the audit fee and any questions of resignation, dismissal or re-appointment and the appointment or replacement of the External Auditor and recommend to the Board for its approval the appointment, reappointment or replacement of External Auditors and their audit fees.
- b. To discuss with the External Auditors before the annual audit commences, the nature and scope of audit plan and review the External Audit plan to ensure adequacy of scope and coverage.
- c. To discuss and review the findings of the External Auditors, problems and reservations arising from final and interim audits, evaluation of the system of internal controls and any matter the External Auditors may wish to discuss, including assistance given by the employees of the Group to the Auditors and to review the auditors' report, management letter and management's response and ensure all material and recommendations are dealt with in a timely manner.
- d. To review the suitability and independence of the External Auditor and the team and review any non-audit services to be provided by the External Auditor to ensure that it will not affect the objectivity of the External Audit.
- e. To review the availability of sufficient resources in the External Audit team including having appropriate and qualified staffing.
- f. To review that the External Audit team has sufficient understanding of the Company's business to enable them to carry out the audit in a professional manner.
- g. To ensure that the External Auditors is provided with full co-operation from the Company including access to all documents and data.
- h. To discuss with the External Auditors on the quality of the Company's Financial and Accounting Personnel to ensure that the financial and accounting records are kept properly.

##### **ii. Internal Audit**

- a. To review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work.
- b. To review and approve the Internal Audit Plan to ensure adequacy of scope and coverage and to review the processes and results and, where necessary, ensure that appropriate

actions are taken on the recommendations of the internal audit function and provide general guidance to the internal audit function.

- c. To review the internal audit reports to ensure that the internal checks and controls are in place and to ensure that any material weaknesses identified by the Internal Auditors are dealt with in a timely and appropriate manner.
- d. To have continuous discussions with the Internal Auditors on matters arising during the year which may require changes in the Internal Audit Plans.
- e. To discuss with the Internal Auditors on the quality of the Company's Financial and Accounting personnel to ensure the financial and accounting records are prepared and kept properly.
- f. To review the availability of sufficient resources in the Internal Audit team including having appropriate and qualified staffing.
- g. To review the performance of the Internal Auditors, to consider their reappointment and to recommend to the Board on their re-appointment or replacement.
- h. To consider the major findings of internal investigations and management's response.

### **iii. Financial Reporting**

To review the quarterly and annual financial statements of the Company and the Group and to recommend the same to the Board for approval, focusing particularly on:

- a. any changes in or implementation of major accounting policies and practices;
- b. significant and unusual events;
- c. significant adjustments arising from the audit;
- d. the going concern assumption
- e. compliance with applicable approved accounting standards and other legal and regulatory requirements; and
- f. major judgmental areas.

### **iv. Risk Management**

To review the adequacy and effectiveness of risk management, internal control and governance systems instituted in the Group.

To ensure that the Company and Management have adequate and reliable risk management policies in place inclusive of identifying principal risks and ensuring that mitigating measures are in place to manage such risks

### **v. Related Party Transactions**

To monitor and review any related party transaction, conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions on management integrity and the Company's procedures for monitoring and reviewing such

transactions to ensure that such transactions are not made more favourable than those available to the public.

To report promptly to Bursa Securities on any matter reported by it to the Board of Directors, which has not been satisfactorily resolved resulting in the breach of the Listing Requirements of Bursa Securities.

**vi. Other Matters**

To ensure that information provided to stakeholders are accurate and adequate.

To perform such other functions and responsibilities as may be agreed by the Audit Committee and the Board, and as may be required from time to time in compliance with the Ace Market Listing Requirements of Bursa Securities.

## **4.2 Nomination Committee**

The roles of the Nomination Committee include:

- i. Assess the desirable balance in the board membership by reviewing the size, structure and composition of the Board, taking into consideration the number of directors;
- ii. Recommend Board candidates for directorship and candidates to fill seats on board committees
- iii. Evaluate the balance of skills, knowledge and diversity on the Board;
- iv. Assist the Board in its annual review of the required mix of skills and experience and other qualities including core competencies which Non-Executive Directors should bring to the Board and to assess the effectiveness of the Board as a whole, the Board Committees and the individual director on an annual basis, and
- v. Ensure the Company recruits and retains the best available Executive and Non-Executive Directors with the right mix of skills and knowledge relevant to the Group.

### **4.2.1 Duties and Responsibilities**

- i. To recommend to the Board, candidates to be appointed as Director of the Company, taking into consideration the candidates' skills, knowledge, expertise and experience; professionalism; integrity; and in the case of candidates for the position of Independent Non-Executive Directors, the Committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors.
- ii. To consider in making its recommendations, candidates for directorship proposed by the Group Managing Director or by any senior manager or any Director or shareholder.
- iii. To recommend to the Board, candidates to fill the seats on the Board Committees.
- iv. To assist the Board in its annual review of the required mix of skills and experience and other qualities including core competencies which both Executive and Non-Executive Directors should bring to the Board and to assess the effectiveness of the Board as a whole, the Board Committees and the individual director on an annual basis.

- v. To determine the core competencies and skills required of Board members to best serve the business and operations of the Group as a whole and the optimum size of the Board to reflect the desired skills and competencies
- vi. To review the size of Non-Executive participation, Board balance and determine if additional Board members are required and also to ensure that at least 1/3 of the Board is independent
- vii. To recommend to the Board on the appropriate number of Directors to comprise the Board that should fairly reflect the investments of the minority shareholders in the Company and to review whether the current Board representation satisfies this requirement.
- viii. Recommend to the Board, retiring directors who are willing to be re-elected and candidates for re-election of directors nominated by shareholders under the annual re-election provisions or retirement.
- ix. To review the term of office and performance of the Audit Committee and each of its members annually to determine whether such Audit Committee members have carried out their duties in accordance with their terms of reference.
- x. To review succession planning for the Board Chairman and Directors.
- xi. Annually review the time required of Non-Executive Directors and undertake performance assessment to assess whether the Directors are spending enough time to fulfil their duties.
- xii. Consider the representation of interest group as part of Board diversity and consider, taking into consideration gender, age, professional background and culture.

#### **4.3 Remuneration Committee**

The roles of the Remuneration Committee include:

- i. Recommend to the Board the appropriate remuneration packages of the Group Managing Director and Executive Directors;
- ii. Ensure the Executive Directors are fairly and appropriately remunerated for their individual contributions to the Group's overall performance;
- iii. Ensure the remuneration offered is commensurate with the level of executive responsibilities and encourage Executive Directors to act in ways that enhance the Group's long-term profitability and value, and
- iv. Ensure the levels of remuneration are sufficient to attract and retain the Directors needed to run the Group successfully.

##### **4.3.1 Duties and Responsibilities**

- i. To recommend to the Board the appropriate remuneration packages of the Group Managing Director and Executive Directors taking into consideration the performance achievement, needs and expectation of the individual.
- ii. To ensure the Executive Directors are fairly and appropriately remunerated for their individual contributions to the Company's overall performance according to individual performance, seniority in service, experience and scope of responsibilities and the general market sentiments or conditions.
- iii. To ensure the remuneration offered commensurate with the level of executive responsibilities and encourage Executive Directors to act in ways that enhances the Group's long-term profitability and value.

- iv. To ensure that all necessary action are taken expediently by the Board to offer appropriate rewards, benefits compensation and remuneration to ensure that the Company attracts and retains the individual Directors needed to run the Company successfully; and
- v. To ensure that all remuneration packages and benefits given to the Directors are in compliance with all laws, rules, requirements, regulations and guidelines set by the relevant authorities and the Board from time to time.
- vi. To conduct continuous assessment of individual Executive Directors to ensure that remuneration is directly related to corporate and individual performance.

## **5. MEETINGS**

### **5.1 Board meetings**

- i. The Board shall meet at least four times a year at quarterly intervals with additional meetings to be convened where necessary to deal with urgent and important matters that require attention of the Board;
- ii. A full agenda and relevant Board Papers are circulated to all Directors at least 5 days in advance of each Board meeting;
- iii. Board members are required to attend the Board meetings and attendance of each Director in the meetings held in a financial year is required to be disclosed in the Annual Report. Other senior officers may be invited to attend for particular items within their responsibility. The Board may also invite external parties such as the auditors, solicitors and consultants as and when the need arises;
- iv. Pursuant to Paragraph 15.05(3)(c) of the Ace Market Listing Requirement, the office of a Director will become vacant if the Director is absent from more than 50% of the total Board of Directors' meetings held during a financial year.
- v. The Board Papers provided include the financial results and progress report on the Group's developments, minutes of the meetings of Board Committees, regulatory/statutory updates and other operational and financial issues for the Board's information and/or approval;
- vi. All Directors are expected to participate fully and constructively in Board Meetings and to bring the benefit of their particular knowledge, skills and abilities to the Board;
- vii. Urgent matters that cannot wait until the next Board meeting can be dealt with by a circulating resolution. A signed and approved resolution by the majority of the Directors shall be valid and effectual as if it had been passed at a meeting of the Directors;
- viii. The quorum necessary for the transaction of business at a Board Meeting shall be two, one of which must be an independent director, and
- ix. The minutes of Board / Board Committee meetings shall be prepared within 14 days following a Board / Board Committee meeting.

### **5.2 Annual General Meeting ("AGM")**

- i. The Company regards the AGM as an important event in the corporate calendar of which all Directors are encouraged to attend all annual general meetings of shareholders;
- ii. The AGM provides an opportunity for the shareholders to seek and clarify any issues and to have a better understanding of the Group's performance and other matters of concern;

- iii. The Company regards the AGM as the principal forum for direct interaction and dialogue among shareholders, Board and management and aims to ensure that the AGM provides an important opportunity for effective communication with, and constructive feedback from, the Company's shareholders;
- iv. The Chairman encourages active participation by the shareholders during the AGM. Shareholders are encouraged to actively participate in the question and answer session. The Board, senior management and the external auditors will be present to answer and provide appropriate clarifications at the meeting;
- v. With effect from 1 July 2016, any resolutions as set out in the notice of any general meeting (including any addendum, errata or amendment to the earlier notice of general meeting) or notice of resolution shall be voted by shareholders by way of poll;
- vi. The Company dispatches its notice of AGM and related papers to shareholders at least twenty-one (21) days before the meeting to enable shareholders to go through the Annual Report and papers supporting the resolutions proposed.

## **6. FINANCIAL REPORTING**

### **6.1 Transparency and Integrity**

- i. The Board is committed to provide a balanced, clear and comprehensive assessment of the Group's financial position and prospects by making sure the financial statements and quarterly announcements are prepared in accordance with the provisions of the Companies Act, 2016 ("the Act") and applicable approved accounting standards;
- ii. The Board ensures that the financial statements are prepared so as to give a true and fair view of the current financial status of the Company and uphold integrity in financial reporting, and
- iii. The Board is assisted by the Audit Committee in reviewing the appropriateness of accounting policies applied by the Group as well as the changes in these policies. The Audit Committee also assists the Board in overseeing the financial reporting process and the quality of the financial reporting. The Audit Committee reviews and monitors the accuracy and integrity of the Group's annual and quarterly financial statements for announcement to the public within the stipulated time frame.

### **6.2 External Auditors**

- i. The Board is committed to maintain a transparent and professional relationship with the Group's external auditors through the Audit Committee;
- ii. The Group's external auditors are invited to attend the Audit Committee meetings when deemed necessary. The Audit Committee meets the external auditors to review the scope and adequacy of the audit process, the financial statements, their audit findings, internal controls and accounting policies, as and when the need arises, and
- iii. Appointment of the Company Auditors is subject to the approval of shareholders at Annual General Meetings. The Company Auditors have to retire during the AGM every year and be re-appointed by shareholders for the ensuing year and the remuneration to be determined by the Board.

## **7. Internal Controls and Risk Management**

The Board is responsible to maintain a sound system of risk management and internal control and review the adequacy and integrity of the system continuously. The system of risk management and internal control covers not only financial controls but also operational, environmental and compliance controls. These controls provide reasonable but not absolute assurance against material misstatement, loss or fraud;

- i. The Board is responsible to maintain a strong control structure whereby internal control is embedded in the business processes and culture of the Group to pursue its objectives;
- ii. The Board ensures the system of internal controls is reviewed on a regular basis and the Audit Committee receives reports regarding the findings and outcome of the audits and reviews on a regular basis;
- iii. The Board is supported by the Risk Management Committee (“RMC”), headed by the Group Managing Director in overseeing the risk management efforts within the Group. The RMC reviews the updated Key Risk Profile and evaluates the effectiveness of action plans in mitigating the risks identified. The RMC meets periodically to discuss principal business risks in critical areas, assess the likelihood and impact of material exposures and determine its corresponding risk mitigation measures.

## **8. Sustainability and Corporate Responsibility**

The Group recognizes that acting responsibly and sustainably creates value for the group, employees, customers, shareholders and society as a whole. Sustainability is an integral part of our business and corporate responsibility serves as key to sustainability.

The Group’s corporate responsibility practices focus on four areas - Environment, Workplace, Community and Marketplace which aim to deliver sustainable value to society at large.

### **8.1 Environment**

- i. The Board acknowledges environmental sustainability is of utmost importance due to the increasing depletion of the earth’s natural resources and global climate change issues;
- ii. The Group adopts various approaches to heighten the positive impact and minimize negative impacts of the company’s operations on the environment, and
- iii. The Group supports initiatives on environmental issues, promotes an environmentally-conscious culture in the workplace and embeds environmental sustainability principles into the business operations and practices.

### **8.2 Workplace**

- i. The Board acknowledges that employees are the backbone of the business and play a vital role in the success and sustainability of the Group;
- ii. The Group adopts various employee welfare and well-being program to enhance the employee benefits schemes to build an engaged workforce that stay loyal and grow with the Group;
- iii. The Group provides a safe, healthy and conducive work environment for its employees with respect to occupational safety and health;

- iv. The Group seeks to promote and develop its human assets to be competent, multi-skilled and well-motivated to increase their career advancement opportunities through various training and development programs, and
- v. A succession plan is put in place for critical positions to ensure sustainability in terms of continuous, effective and efficient operations within the Group and a healthy leadership pipeline.

### **8.3 Community**

- i. The Board recognizes the interdependent relationship between business growth and social well-being and welfare and to be socially responsible, the Group focuses its corporate responsibilities on enhancing community sustainability through various activities and actions aim to promote community engagement and address the needs of less fortunate and underprivileged families and
- ii. The Group supports charitable causes and initiatives on community development projects and carries out various philanthropic activities and approaches.

### **8.4 Marketplace**

#### **8.4.1 Investors**

- i. The Board believes that an effective investor relationship is essential in enhancing value to its shareholders;
- ii. The Boards ensures the timely release of financial results and various announcements to provide shareholders with an overview of the Company's performance, corporate strategies and other matters affecting their interests;
- iii. The Company meets financial analysts, fund managers and research houses from time to time as a means of effective communication that enables the Board and Management to convey information relating to the Group's performance, corporate strategy and other matters affecting shareholders' interests and
- iv. The Board has established an interactive and dedicated website at [www.sccholdings.com.my](http://www.sccholdings.com.my) where information on the Company's announcements, financial information, share prices and analysts' reports can be accessed.

#### **8.4.2 Suppliers**

The Board recognizes that in the course of pursuing the vision and mission of the Company, it is important to engage with the suppliers and work with them through long-term relationships to realize mutual growth based on mutual trust.

#### **8.4.3 Customers**

The Company supports the philosophy of "Customer Success is Our Business" and strives to develop and provide innovative, safe and high quality products and services that meet a wide variety of customers' demands and earn the trusts of our customers.

## **9. Conflict of Interest and Related Party Transactions**

- i. The Directors must disclose to the Board any potential conflicts of interest which may exist or be thought to exist as soon as they become aware of the issue;
- ii. If a conflict or potential conflict situation exists, it is required that the interested Director shall be abstained from discussions and deliberations and voting and must not vote on the resolution approving the transactions;
- iii. Each Director is required to disclose the interests / directorships / shareholdings in other companies to the Company Secretary and the list shall be updated on quarterly basis;
- iv. The Audit Committee is entrusted to review related party transactions and conflict of interest situations and ensure that the transactions are not prejudicial to the interests of the Company or its non-controlling shareholders, and
- v. The Audit Committee may request the internal auditor or external consultants to review the effectiveness, adherence to and relevance of the Framework established by the Company for the purposes of identifying, monitoring, evaluating, reporting and approving the related party transactions and conflict of interest situations.

## **10. Remuneration Policies**

- i. The remuneration of the GMD and the Executive Directors is structured on the basis of linking rewards to corporate and individual performance and taking into consideration the compensation levels for comparable positions among other similar Malaysian public listed companies;
- ii. For Independent Non-Executive Directors, they receive a basic fee and meeting allowance for participation in meetings of the Board, AGM / EGM and Board Committee meetings, and
- iii. The Board as a whole resolves on the fees for the Independent/Non-Executive Directors with individual Directors abstaining from decisions in respect of their individual remuneration. The fees payable to the Independent/Non-Executive Directors are subject to the approval of shareholders.

## **11. Matters Reserved for Decision By The Board**

The list of matters (which is not exhaustive in nature) shall be reserved for decision by the Board, supported by any recommendations as may be made from time to time by the Board Committees and / or Management:

- i. Approval of the quarterly results, audited financial Statements, circulars to shareholders, corporate proposals and announcements of significant or material events which the Company is required to make an announcement;
- ii. Approval of the Directors' Report and the authorization of signatory for Statement by Directors and Statutory Declaration;
- iii. To approve the payment of interim dividend;
- iv. To recommend the payment of final dividend for shareholders' approval;
- v. To propose the payment of directors' fees for shareholders' approval;

- vi. Approval for the formation of the Audit Committee, Nomination Committee, Remuneration Committee and such other Committee(s) and the committee members thereon and approval of the terms of reference of each Committee;
- vii. Approval of the appointment and resignation of Directors, Company Secretary and external auditors;
- viii. To review and approve the Board Charter, Code of Ethics and Whistleblowing policy;
- ix. To review and approve the acquisitions, joint ventures, investments, capital expenditure of a substantial value exceeding 5% of the percentage ratio requirements pursuant to Chapter 10 of the Bursa Securities Ace Market Listing Requirements and the Companies Act 2016;
- x. To review and approve corporate exercises e.g. acquisitions, mergers, divestments and takeovers;
- xi. To review material litigation matters against the Company;
- xii. To review and approve related party transactions and recurrent related party transactions;
- xiii. To approve the Annual Report (including the review and approval of the Chairman's Statement, Management Discussion & Analysis (MD & A), Statement on Risk Management and Internal Control, Corporate Governance Overview, Sustainability and Corporate Responsibility Statement);
- xiv. To approve the issuance of new shares pursuant to Section 75 of the Companies Act 2016;
- xv. To review and recommend the change of Company's name, amendment of object clauses and M&A for shareholders' approval;
- xvi. To approve the change of registered office and share registrar;
- xvii. To review and where applicable, to approve and endorse recommendations of the Board Committees;
- xviii. To approve any other matters that the Board may deem appropriate and necessary from time to time, and
- xix. To approve any other matters which are required by law, the Company's M&A, Bursa Securities Ace Market Listing Requirements, Securities Commission and the relevant authorities.

## **12. Access to Information and Independent Advice**

- i. Directors will be entitled to access members of the senior management directly or via the GMD at any time to request relevant and additional information or seek explanations;
- ii. Directors will be entitled to have access to internal and external auditors, without management's presence to seek explanations or additional information, and
- iii. Directors will be entitled to seek independent professional advice (including but not limited to legal, accounting and financial advice) either individually or collectively in furtherance of their duties at the Company's expenses, but the Directors will ensure, so far as is practicable, that the cost is reasonable.

## **13. Role of the Company Secretary**

- i. The Company Secretary will be the Secretary of the Board;
- ii. The Company Secretary provide the required support to the Board in carrying out its duties and stewardship role, providing the necessary advisory role with regards to the Company's constitution, Board's policies and procedures as well as compliance with all regulatory requirements, guidance and legislation;

- iii. Under the direction of the Chairman, the Company Secretary's responsibilities include ensuring good information flows between members of the Board and the Board Committees, and between senior management and non-executive directors, as well as facilitating the induction of new directors and assisting with each director's professional development, as required;
- iv. All directors have access to the advices and services of the Company Secretary.

#### **14. Revision**

The Board will review this Charter as and when necessary/annually and make any necessary amendments/improvements to ensure the Charter remains consistent with the Board's objectives, current law and practices. Any revision/amendment shall be made via directives made at the Board Meeting or approved by the Board and recorded in the minutes of the meetings.