

SCIENTEX BERHAD

BOARD CHARTER

Purpose of Board Charter

This Board Charter sets out the Board's strategic intent and outlines the Board's roles and responsibilities. This would act as a source reference and primary induction literature to provide insights to prospective Board members and senior management. It would also assist the Board in the assessment of its own performance and of its individual directors.

The conduct of the Board is also governed by the Articles of Association of the Company and the Code of Ethics For Directors of the Company.

The operational matters relating to the Board such as board composition, processes and procedures for convening board meetings are governed by the Articles of Association of the Company and the prevailing relevant rules and regulations and are not reproduced here.

Core Values of the Company

Our core values reflect who we are and what we stand for, our priorities and how we make our decisions. As we embark on our journey to create and build long term shareholder value, we embrace the following core values which act as a guiding principle in our daily operations and how we deal with our stakeholders, employees and the surrounding environment in which we operate in to create a sustainable environment for all:

- **Integrity** – Upholding high levels honesty, trustworthiness, ethical standards and professionalism in all aspects of decision making and in the discharge of our obligations.
- **Commitment to Excellence** – Committed to achieve superior results and excellence in performance.
- **Teamwork** – Working as a team with unity of purpose to achieve our corporate objectives.
- **Passion** – Developing a world class team who is passionate about what we are doing.
- **Innovation** – Leveraging on innovation, ideas and methods to constantly improve our performance and results.
- **Caring** – Caring for our employees, peoples and communities as well as the environment in which we operate in line with our “Healthy, Friendly & Happy” tagline.

Board's Objectives

- The Board is responsible for the overall direction, supervision and control of the Scientex group of companies.
- The Board shall ensure that the Scientex group of companies strive to achieve sustainable growth whilst addressing and having regards to the diverse interests of shareholders, customers, employees, the communities and the environment in which the group operates in.

- The Board shall strive to promote and maintain high standards of corporate governance through the adoption of best practices and compliance with laws and regulations with a view to enhance stakeholders' value, increase investors' confidence, establish long term partnerships with customers and business associates to pursue the group's objectives.

Board's Roles and Responsibilities

The Board assumes, amongst others, the following roles and responsibilities:

- Act in good faith and in the best interests of the group;
- Act as a fiduciary to protect the interests of the group and to advance the interests of its stakeholders and to avoid conflict of interests or misuse of position or sensitive information;
- Provides stewardship to the Management;
- Review and approve strategic and corporate business plans;
- Identify and manage principal risks affecting the group;
- Review and formalize a code of ethics/conduct for directors and employees of the group;
- Have oversight and review the adequacy and integrity of the group's internal controls system;
- Overseeing and reviewing the conduct and performance of the group;
- Ensuring compliance with relevant legal, tax and regulatory obligations and establishing Board Committees in audit, remuneration, nomination and such other committees as may be required to assist the Board in the discharge of its functions;
- Approving policies pertaining to sustainability, environmental protection, corporate governance, corporate branding, investor relations and shareholder communication programs;
- Commit the time necessary to effectively discharge his role as a Board member; and
- Review Board Charter on a periodical basis to ensure its relevance.

The Relationship Between Board and Management

- Management reports to the Board and is accountable to the Board for the performance of the group.
- Management seeks approvals from the Board for the implementation of the annual plans and budgets, strategies, policies and on matters not related to the day to day operations of the group.
- Management carries out and executes the day to day operational matters to meet the budgets and key performance indexes set by the Board and such other matters as may be delegated by the Board to the Management.

The Board's Relationship with Shareholders

- The Board will use its best endeavors to familiarize itself with issues of concern to Shareholders.
- The Board will regularly evaluate economic, environmental, political, social and legal issues and any other relevant external matters that may influence or affect the development of the business or the interests of Shareholders and, if thought appropriate, will take outside experts' advice on these matters.

Chairman and Managing Director

The roles of Chairman and Managing Director are distinct and separate to ensure there is a balance of power and authority.

The responsibilities of the Chairman, amongst others, are as follows:

- Provides leadership in the Board and overseeing the Board in the effective discharge of its supervisory role;
- Ensures orderly and efficient conduct and proceedings of the Board and at general meetings;
- Facilitates effective contributions of all members of the Board during meetings; and
- Promote constructive and healthy working relationship with the Management whilst maintaining independence.

The responsibilities of the Managing Director, amongst others, are as follows:

- Responsible for the management of the day-to-day affairs of the group with such powers and authority as may be delegated by the Board from time to time;
- Acts as liaison between Management and the Board;
- Provides guidance and leads the Management in the discharge of its functions and obligations to the Board and various stakeholders;
- Ensures that the financial reporting of the group are in compliance and properly maintained with existing laws and regulations;
- Ensures that the internal control systems are put in place and effective;
- Ensures that the Management acts upon and implements all policies adopted by the Board; and
- Ensures that the Management is in compliance with all existing laws and regulations.

Board Procedures

- The conduct of Directors will be consistent with their duties and responsibilities to the Company and, indirectly, to Shareholders. The Board will be disciplined in carrying out its role, with the emphasis on strategic issues and policy. Directors will always act within any limitations imposed by the Board on its activities.
- Directors will use their best endeavours to attend Board meetings. Directors are expected to participate fully, and constructively in Board discussions and other activities and to bring the benefit of their particular knowledge, skills and abilities to the Board. Directors unable to attend a meeting will advise the Chairman at an earlier date as possible and confirm in writing to the Secretary.
- Board discussions will be open and constructive, recognizing that genuinely held differences of opinion could bring greater clarity and lead to better decisions. The Chairman will, nevertheless, seek a consensus in the Board but may, where considered necessary, call for a vote. All discussions and their record will remain confidential unless there is a specific direction from the Board to the contrary, or disclosure is required by law. Subject to legal or regulatory requirements the Board will decide the manner and timing of the publication of its decisions.
- Executive Directors attend Board meetings to discharge their Board responsibilities. At Board meetings, Board responsibilities supersede all executive responsibilities.

- The Board has sole authority over its agenda and exercises this through the Chairman. Any Director may, through the Chairman, request the addition of an item to the agenda. The Chairman in consultation with the Managing Director and the Secretary will set the agenda.
- The Board will normally hold meetings at least four times in each financial year and will hold additional meetings as the situation requires.
- Directors are entitled to have access, at all reasonable times, to all relevant company information and to Management.
- Directors are expected to strictly observe confidentiality of company information.
- In making policy, the Board will not reach specific decisions unless it has considered the more general principles upon which they are founded, and in reaching other specific decisions, the Board will consider the policies against which the decisions are made.

Provision of Business or Professional Services by Directors

- Generally, Directors shall not provide business or professional services of an ongoing nature to the Company.
- Notwithstanding the general rule, the Company is at liberty to:
 - for the purpose of a special assignment, engage the services of any Director having special expertise in the particular field; or
 - engage the services of a party related to a Director's organization
 so long as the terms of engagement are competitive, are clearly recorded and all legal requirements for disclosure of the engagement are properly observed.

Other Board Appointment

- Any Director is, while holding office, at liberty to accept other Board appointments so long as the appointment is not in conflict with the Company's business and does not affect his performance as a Director of the Company.

Board Committees

The Board has established the following Committees to assist in the execution of its responsibilities:-

- Audit Committee;
- Nomination and Remuneration Committee; and
- Risk Management Committee.

The functions, duties and authorities of the Committees are set out in the terms of reference of each of the Committees.

Access To Information and Advice

- Management to provide Board and Board committees with timely and quality information that enables Board to effectively discharge their responsibilities and duties.

- Board members to receive copies of Board papers, minutes and proposals in a timely manner and within reasonable time for Board members to read and understand before participating in discussions and deliberations in Board meetings.
- Board members, through the Chairman of the Board is entitled to request for additional information as may be required to support informed decision making.
- Board may request for presentations on the group's operations.

Independent Professional Advice

- Any Director is entitled to obtain independent professional advice relating to the affairs of the Company or to his other responsibilities as a Director.
- If a Director considers such advice is necessary he shall first discuss it with the Chairman and, having done so, shall be free to proceed.
- Subject to the prior approval of the Chairman, the cost of the advice will be reimbursed by the Company but the Directors will ensure, so far as is practicable, that the cost is reasonable.

Communication Policy

- The Board shall communicate and disseminate information in a timely and effective manner in full compliance with the applicable laws and regulations.
- The Board nominates the Managing Director and key management personnel to engage and communicate effectively with the public and other stakeholders on specific matters including but not limited to financial results, press releases and other public relations exercise.
- The Board shall ensure that the Management maintains an up-to-date company website as an effective communication tool with the public.

Indemnities and Insurances

- The Company shall make all reasonable effort to provide Directors with, and will pay the premiums for, indemnity and insurance cover while acting in their capacities as Directors, to the fullest extent permitted by the Act and law.

The Secretary

- The appointment and removal of the Secretary shall be a matter of the Board as a whole.
- The 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.
- All Directors, particularly the Chairman, shall have access to the advice and services of the Secretary for the purposes of the Board's affairs and the business.

Revision and Updates

This Board Charter would be reviewed and updated periodically as and when necessary to ensure its appropriateness to the needs of the Company from time to time and its compliance with the regulatory and legal requirements. Any intervening changes or additions would be by way of circular and memos.

This policy statement on the Board Charter is approved and adopted by the Board of Directors of Scientex Berhad effective from 20 September 2018.