

Board Charter

1. Purpose of the Board Charter

This Board Charter is intended to provide a clear statement of the roles, responsibilities, processes and operations of the Board of Directors (“the Board”) of Sand Nisko Capital Berhad (“SNC” or the “Company”). It is intended to ensure that the practices of the Board are consistent with and reflect the Board’s commitment to best practice in corporate governance. This Board Charter will be primary induction literature to provide guidance to prospective Board members and senior management.

2. Authority

This Board Charter derives its authority from the powers of the Board contained in the Memorandum and Articles of Association of the Company and the law and regulations governing companies in Malaysia. Where applicable, specific authority may only be granted upon approval of the shareholders in the general meetings.

3. Roles of the Board

3.1. Duties and Responsibilities

The Board’s role is to conduct the Group in the best interests of the shareholders. It leads, guides and sets strategic direction for the Group, which is in turn planned and executed by management.

The Board assumes, amongst others, the following duties and responsibilities:-

- a) Reviewing and adopting the Company’s strategic plans;
- b) Overseeing the conduct of the Company’s business;
- c) Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures;
- d) Succession planning;
- e) Overseeing the development and implementation of a shareholder communications policy for the Company; and
- f) Reviewing the adequacy and integrity of management information and internal control system of the Company.

3.2. Schedule of Matters Reserved for Collective Decision of the Board

Matters specifically reserved for the Board are:-

- a) Appointment of directors, CEO and other members of senior management;
- b) Announcements including approval and releases of financial results and annual reports;
- c) Strategic plans, operating budgets, significant investments and capital expenditures; and
- d) Corporate policies with inherent risk management and internal control systems to ensure good corporate governance and business practices.

4. Position Description

4.1. Chairman

The primary role of the Chairman is to provide stewardship for the Board. Where appropriate, the Chairman also acts as the communicator for Board decisions.

Specific responsibilities of the Chairman includes:-

- a) Chairing Board meetings;
- b) Monitoring the conduct of Board meetings;
- c) Ensuring that all issues relevant to the effective operation of the Company's business are on Board meeting agendas;
- d) Ensuring that sufficient and quality information is provided to or accessible by all Board members on a timely basis, to facilitate decision-making;
- e) Determining the date, time and location of the Annual General Meeting ("AGM") and to develop the agenda for the meeting with input from the Managing Director; and
- f) Chairing the AGMs.

4.2. Executive Directors

Executive Directors represent management on the Board. They are the liaison point between the Board and the management of the Group, supporting and ensuring that strategic directions set by the Board are properly communicated to and implemented by management.

Responsibilities of Executive Directors include:-

- a) Developing, upon receipt of strategic plans from the Board, implementation plans in the short, medium and long term, as well as associated business plans and reports to provide progress updates to the Board;
- b) Managing the executives of the Group to ensure smooth running of the Group's business operations;
- c) Overseeing the daily operations of the Group and ensuring that operations are carried out in accordance with directives from the Board;
- d) Identifying and evaluating risks to which the Group, its business or its assets are exposed, and implementing risk management measures;
- e) Bringing material matters to the attention of the Board in an accurate and timely manner; and
- f) Communicating with stakeholders of the Group to maintain a good corporate image and to identify external sentiments towards the Group which may affect its performance or achievement of its objectives.

4.3. Non-Executive Directors

Non-Executive Directors serve as check and balance for the Executive Directors and management, and provide alternate views during Board discussions for wholesome consideration of issues.

Responsibilities of Non-Executive Directors include:-

- a) Providing scrutiny and constructive feedback on strategies proposed for Board consideration by management;
- b) Monitoring the operational performance and progress of management in achieving the directives from the Board;
- c) Performing reasonable steps to ensure that the risk management framework in place in the Group is sufficient to minimize risk to an acceptable level; and

- d) Determining appropriate levels of remuneration for Executive Directors, and to play a key position in appointing, and where necessary, removing executive directors and in succession planning.

5. Board Membership

5.1. Independence

- a) At least 2 Directors, or one-third (1/3) of the Board, whichever is the higher, must be independent directors.
- b) The Chairman should be a Non-Executive member of the Board, and where the Chairman is not independent, the Board should consist of a majority of Independent Directors to ensure sufficient check and balance.
- c) The roles of the Chairman and the Managing Director must be held by different persons.
- d) Pursuant to the Malaysian Code of Corporate Governance 2012, the tenure of an Independent Director should not exceed a cumulative term of nine years. Upon completion of the nine years, an independent director may continue to serve on the board subject to the director's re-designation as a non-independent director. In the event that the Board wishes to retain an Independent Director who has been in office for more than nine years, the Board must justify and seek shareholders' approval.

5.2. Appointments and Re-elections

The appointment of a new Board member is subject to deliberation and approval from the entire Board, with input from the Nomination Committee ("**NC**"). Criteria considered in the appointment of a new Board member typically includes whether the candidate possesses a specific area of expertise, knowledge, experience, character, independence, gender and ethnicity.

All Directors of the Group are to offer themselves for re-election three (3) years after being appointed into office. Eligibility for Director re-election is subject to satisfactory findings from the assessment by the NC and the Board, upon which such Directors may be offered for re-election by the Group shareholders at the subsequent AGM.

At least one-third (1/3) of the Board are to retire from office at each AGM. The Articles of Association of the Company provides that the Directors with the longest tenure since their most recent appointment shall retire.

Kommentar [A1]: Section 205 of the Companies Act 2016

Where a Director is appointed to fill a casual vacancy, or as an addition to the Board, that Director shall also retire at the subsequent AGM, and be eligible for re-election.

5.3. New Directorship

Where Directors are considering accepting new directorships during their tenure on the Board, they are required to inform the Chairman and NC, bearing in mind the maximum number of directorships allowed under the Bursa Main Market Listing Requirements. Directors are required to update the Board on directorships held during the annual assessment conducted by the NC.

6. Performance

6.1. Remuneration

Board remuneration is decided by the Board collectively. Individual Directors are to abstain from deliberation and decision-making on their own remuneration package.

Fees payable to Non-Executive Directors shall be by a fixed sum, and not by a commission or percentage of profits or turnover. Salaries payable to Executive Directors may not include a commission on or percentage of turnover.

Fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting.

6.2. Continuing Education

Directors are expected to attend training programs to equip them with knowledge to effectively discharge their duties. The NC assesses the requirements of the Bursa Stock Exchange against the needs of individual Directors to determine and advise Directors on the necessary training to be attended.

6.3. Performance Assessment

Assessments on the performance and independence of individual Board members are carried out annually. Self-reviews and peer-reviews are completed by each Board member, the results are compiled and analysed by the Company Secretary and tabled at a Board meeting.

7. Investor Relations and Shareholder Communication

The Board is committed to maintaining transparency in its communication with shareholders. Material updates and regular financial reports are announced to keep shareholders abreast of happenings at the Company and Group level. Board members are also encouraged to attend AGMs, with the exception of the Chairman and the Managing Director, for whom attendance is compulsory. This is to provide shareholders an opportunity to raise concerns and provide their views on the running of the Company or Group.

8. Board Committees

The Board may, from time to time, establish Board Committees to assist it in the discharge of its responsibilities. The Committees perform evaluations on their specific area of concern and provide recommendations to the Board. Ultimate decision-making authority lies with the Board as a whole during Board meetings.

The longstanding Board Committees established are:-

- a) Audit Committee
- b) Nomination Committee
- c) Remuneration Committee

Each Board Committee operates based on its Terms of Reference, approved by the Board and outlining its authority and duties. Formal minutes of each Committee meeting are prepared and circulated to each Director before the subsequent Board meeting, together with a list of recommendations and/or issues for Board consideration.

Membership of Board Committees is based on the needs of the Company, relevant legislative and other requirements and the skills and experience of the individual Directors.

Membership of the Audit Committee and Nomination & Remuneration Committee are restricted to Non-Executive Directors, with a majority being Independent Directors.

The Board has sole responsibility over the appointment of Directors to Committees. The role, function, performance and membership of each Committee is reviewed on an annual basis as part of the Board's self-assessment process.

9. Board Meetings

Board meetings are held regularly, as determined annually in advance by the Board. The agenda for each meeting is dictated by the needs of the Company and is prepared in advance by the Chairman and the Managing Director to be circulated to each Director.

Additional Board meetings may be convened by a Director, or the Company Secretary, at the request of any Director at any time, by giving all Directors seven days' notice in writing. A meeting may, with the consent of all Directors, be convened with less notice.

The Articles of Association of the Company provides that the quorum for the Board's meetings shall be two (2) members. A quorum must be present at all times during the meeting.

The Committees regulate their own meetings in accordance with their Terms of Reference. In particular, the Chairman of the Audit Committee must convene an Audit Committee meeting at the request of the External Auditor, to discuss matters which the External Auditor believes should be brought to the attention of the Directors and/or shareholders.

10. Declaration of Interests

Directors are required to take all reasonable steps to avoid situations in which there may be actual, potential or perceived conflict of interests with the Company or Group. Directors must comply with the requirements of the Companies Act, 2016 and the Company's Code of Conduct with respect to the disclosure of conflicts of interest.

Where a Director has, directly or indirectly, an interest in a contract, corporate proposal or arrangement to be deliberated by the Board, he/she shall abstain from Board discussion and voting on the matter.

11. Resources Available to Directors

Every Director has the right to the resources necessary for the performance for his/her duties. The cost of obtaining such resources shall be borne by the Company, upon approval from the Chairman.

Resources available to the Directors include:-

- a) Information pertaining to the Company or Group;
- b) Access to the advice and services of the Company Secretary; and
- c) Independent professional or other advice.

12. Review of the Board Charter

This Board Charter and Terms of Reference of the Committees shall be reviewed periodically to ensure that it remains relevant and complies with the applicable laws, regulations and best practices.