

SAMCHEM HOLDINGS BERHAD

Registration No. 200701039535 (797567-U)

BOARD CHARTER

1. Commitment of Samchem towards corporate governance & transparency

The Board of Directors (“the Board”) of Samchem Holdings Berhad (“the Company” or “Samchem”) is committed to safeguarding the interests of its stakeholders and recognizes the importance of corporate governance in achieving this objective. The Board knows that transparent disclosure of its organizational and management structure as well as other aspects of its corporate governance helps stakeholders to assess the quality of the Company and its management and assists investors in their investment decisions.

The Board is committed to ensuring that the Company’s corporate governance is in line with the principles and best practices set out in the Malaysian Code on Corporate Governance (“the Code”). The Board further acknowledges the recommended best practices and the adopted alternative practices set out in the Code and continues to evaluate the status of the practices and the adopted alternatives.

The conduct of the Board is also governed by the Memorandum & Articles of Association (now known as Constitution) of the Company, a copy of which is made available for reference in the Company’s website.

2. Purpose of Board Charter

The Board Charter sets out the duties, functions, roles and responsibilities of the Directors in accordance with good corporate governance practice set out in policies, rules and regulations issued by the regulatory bodies.

3. Board Composition, Size and Tenure of Members

The size of the Board will follow the guidelines set by:

- The Company’s Constitution;
- Regulations of the relevant regulatory authorities

The Board shall determine the appropriate size of the Board and in determining the size, consideration shall be given to enable an efficient and effective Board deliberation during meetings and the size of the Board shall commensurate with the complexity, scope and operations of the Company.

The size and composition of the Board shall be reviewed from time to time to reflect Company’s requirements and to facilitate effective decision making.

On the appointment of new Directors, the Board in consultation with the Nominations Committee, shall take account of skills, experience, other qualities, gender and diversity of backgrounds.

The Board has not established any gender diversity policy at the moment but currently has a female Director on the Board. The Board shall endeavor to appoint more female candidates when suitable candidates are found.

The Board shall comprise the optimal number of independent non-Executive Directors to provide the relevant check and balance and provide diversity of skills and expertise, thoughts and ideas.

The underlying principle is to have an effective Board composition with strong independent element where no Director or group of Directors shall be allowed to dominate the Board's decision making.

The role of Independent Directors cannot be under-emphasized in providing independent judgment and ensuring all issues proposed by the Executive Directors and management are fully discussed and examined to take account of long term interests of shareholders and stakeholders.

The Board shall be under the leadership of the Chairman who is elected by the Board. Where the Chairman of the Board is not an independent member, the Board must comprise a majority of independent Directors. In the event that the positions of Chairman of the Board and CEO are held by the same person, the Company shall give explanation and justification in the Annual Report.

The Chairman is responsible for ensuring the integrity and effectiveness of the governance process of the Board while the CEO leads executive management and is responsible for implementation of Company policies and strategies as well as lead-manage day-to-day operations of the Company.

There shall be no limit on the tenure of the following Board members:

- Chairman.

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 the Board subject to the Director's re-designation as a Non-Independent Director. In the event the Director is to remain designated as an Independent Director, the Board shall first justify and obtain shareholders' approval on a year to year basis. If the Board continues to retain the Independent Director beyond nine (9) years, the Board should provide justification and seek annual shareholders' approval through a two-tier voting process as set out in the Code. Upon completion of the twelve (12) years, the Independent Director must resign or be redesignated as Non-Independent Director as set out in the Code.

4. Appointment and Re-election of Directors

The Company shall ensure that the Directors are of sound judgment, capable, high integrity and credibility as they are entrusted by the shareholders to perform effectively in spearheading the Company.

In accordance with paragraph 15.01A of Bursa Malaysia's Listing Requirements, the Company must ensure to have a fit and proper policy for the appointment and re-election of directors of the Company and its subsidiaries. The Company must ensure the policy addresses board quality and integrity and will aid the Company to comply with paragraph 2.20A of Bursa Malaysia's Listing Requirements and publish its policy on Company's website.

All nominations of candidates for position of Director must be submitted to the Nomination Committee for consideration. The Nomination Committee shall make their assessment on appointments based on the criteria as stated in the Fit and Proper policy as stated herewith below before recommending the candidate to the Board for approval:

- Minimum age limit of 21 years old
- Malaysian citizen or resident
- Minimum 5 years relevant working experience in management position
- Relevant qualifications or experience
- Understanding of accounting, finance and corporate affairs
- Have never been adjudicated as bankrupt
- Person of good character with high integrity and credibility
- Has not had any media publication casting doubt on his character
- Does not have legal record of civil or criminal offence
- Proven leadership ability
- Business acumen
- Demonstrate strategic vision and critical thinking
- Ability to contribute to discussion during meetings
- Demonstrate initiative to update knowledge of Company & industry

In determining the independence of non-Executive Directors, the Board will consider the definition of "independent Director" defined under Paragraph 1.01 of the Bursa Malaysia Listing Requirements and assess the corporate governance practices in the light of the changing circumstances facing the Company. As such, the Board chooses not to take a prescriptive approach to independence but to consider the independence of each Director on a case by case basis by taking into consideration the general defining factors:

- The Independent non-Executive Director meets the minimum criteria of "fit and proper" test of Independence, which is part of an annual assessment test, as enumerated in the Policy on appointment and continuous assessment of Directors
- The suitability and ability of the Independent non-Executive Director to perform his duties and responsibilities effectively shall be based on his calibre, qualifications, experience, expertise, personal qualities and knowledge of the

Company and industry

The Constitution provide that at every Annual General Meeting, one third of the Directors shall retire from office and be eligible for re-election. The Constitution also provide that all Directors shall retire from office once at least every three years and be available for re-election.

In accordance with paragraph 15.02 of Bursa Malaysia's Listing Requirements, the Company must ensure that at least two Directors or one-third of the Board, whichever is higher, shall comprise independent Directors. Assuming the total number of Directors are not three or in multiple of three, then the number nearest to one-third shall be used. In accordance with paragraph 15.02(b) of Bursa Malaysia's Listing Requirements, the Company must consist of one (1) woman director of the Board.

In accordance with the Company's Constitution, all Directors including Directors holding an executive position of Managing Director or Chief Executive Officer, if any, shall retire from office at each Annual General Meeting, provided always that every Director shall retire at least once every three (3) years. The retiring Directors shall be eligible to offer themselves for re-election. Directors who are appointed by the Board during the financial year shall hold office until the next Annual General Meeting and shall then be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

The number of Directorships held by the Directors shall be stated in the Profile of Directors in the Annual Report.

There is no restriction on the number of Directorships save as advised the limit of five (5) listed company Directorships by Bursa Malaysia under its Listing Requirements & Corporate Governance Guidelines. Board members are at liberty to accept other board appointments in other companies so long as the appointment is not in conflict of interest with the Company and does not affect his performance for the Company.

Board members are required to notify the Chairman of the Board and/or Company Secretary before accepting new external Directorships and indicating the time that will be spent on the new Directorship.

The evaluation of the Board and each individual Director including the Chairman will be performed annually.

All the Directors will give their undertaking in writing to comply with the Listing Requirements of Bursa Malaysia Securities and the Independent Directors will also confirm their independence in writing.

5. The Board of Directors

The Board takes full responsibility for the performance of the Company and guides the Company towards achieving its short and long term objectives, setting corporate strategies for growth and new business development while providing advice and direction to the Management to enable the Company to achieve its corporate goals and objectives.

Under the Companies Act 2016, a Director has a fiduciary duty to the Company and shall at all times act honestly and use reasonable diligence in the discharge of his duties.

5.1 Board Responsibilities

Having recognised the importance of an effective and dynamic Board, the Board's members are guided by the area of responsibilities as outlined:

- Understand shareholders' expectations and contribute to the development of strategies in their best interest to enhance shareholder value
- Oversee the conduct of the Company's businesses to evaluate whether the businesses are properly managed
- Identify the principal risks and key performance indicators of the Company's businesses and ensuring that appropriate systems are implemented and steps are taken to manage these risks
- Review the adequacy and the integrity of the Company's risk management framework, internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines
- Develop succession plan for Board members and senior management
- Review and approve annual budget and projection submitted by management
- Ensure that financial statements are fairly stated and otherwise conform with the relevant regulations including acceptable accounting policies that result in balanced and understandable financial statements and approve financial statements for declaration to Bursa Malaysia on quarterly and annual basis
- Oversee corporate governance and compliance matters
- Delegate the above mentioned matters to the relevant committee or personnel where appropriate
- Adopt performance measures to monitor implementation and performance of the strategy, policies, plans, legal and fiduciary obligations that affect the business
- Develop and implement an investor relations programme or shareholder communication policy for the Company
- Set corporate values and clear lines of responsibility and accountability that are communicated throughout the Company
- Ensure that the operations of the Company are conducted prudently within the framework of laws and policies and takes into account sustainability factors.
- Ensure high standards of ethics and corporate behaviour in the conduct of business
- Establishing and maintaining effective and adequate anti-corruption compliance policies and framework and whistleblowing reporting channel; and

- Reviewing the Group’s corruption risk exposures periodically or when there are changes in law, circumstance of the business and/or the profile of its business associates.

5.2 Authority of the Board

The Board derives its authority to act from the Constitution of the Company and laws, rules and regulations governing companies in Malaysia.

The Directors may exercise their authority and perform their duties on behalf of the Company in managing the Company within the scope and jurisdiction of the Constitution of the Company and Companies Act 2016 (“the Act”).

6. Roles and Responsibilities of the Chairman

- Provides leadership to the Board ensuring Directors contribute effectively
- Ensure Board members receive accurate, timely and clear information and are well-informed about company and industry developments
- Ensure all issues in the agenda are covered in meetings
- Ensure information to facilitate decision making is delivered to Board members on a timely basis
- Marshall discussion to ensure proper exchange of information and deliberation of issues to enable proper decision making
- Chair Annual and Extraordinary General Meetings of shareholders
- Encourage Board members to play active role in Board Meetings and facilitate constructive relations between executive and non-executive Directors
- Ensure effective communication with shareholders
- Monitor workings and conduct of the Board and act on results of Board performance evaluation by recognizing strengths and addressing weaknesses of the Board
- To lead the Board in the adoption and implementation of good corporate governance practices in the Company.

7. Roles and Responsibilities of the Chief Executive Officer (“CEO”)

For the purposes of this Board Charter, Chief Executive Officer is also synonymous with Managing Director notwithstanding their distinct differences.

- Oversees day to day operations of the Company
- Develops strategies of the Company based on effective risk management controls
- Ensure a culture of good corporate governance and accurate reporting
- Provides effective leadership to the Company
- Acts as conduit between Board and management in ensuring proper management and corporate governance

- Implements policies, strategies and decisions adopted by Board of Directors and is accountable to Board for actions undertaken

In the absence of the CEO (or Managing Director), any of the Executive Director who is fully acquainted with the running of Company day to day affairs shall be the person directly responsible for the overall running of the Company.

8. Roles and Responsibilities of the Executive Director

- Provides leadership to management serving as conduit between management and the Board
- Contributes ideas to strategic vision of the Company
- Implements Company's strategies and policies established by the Board
- Responsible for day to day management of Company and accountable to Board
- Assists in laying out guidelines, criteria and targets for formulation of budget and projection
- Ensure that strategic vision and long term plans of the company are communicated effectively to all levels of employees
- Keeps the Board well informed of all issues impacting the company and ensuring management reports are relayed adequately to Board members

9.1 Independent Director

An independent Director shall declare to the Company on an annual basis that he meets the minimum criteria of "fit and proper person" as follows:

- He is independent of management and free from any business relationship to the Company and/or related companies or associate companies which could interfere with the exercise of independent judgment or the ability to act in the best interest of the Company
- He is not an executive Director of the Company and/or related company
- He was not employed by the Company and/or related company for the last three years
- He is not a substantial shareholder of the Company
- He is not a family member of any Executive Director, employee or major shareholder of the Company
- He has not been engaged as an adviser to the Company
- He has not engaged in any transaction with the Company
- He has not been involved in any conflict of interest situation with the Company

9.2 Roles and Responsibilities of the Independent Director

- Provides the necessary independence and objectivity to the Board
- Provides the relevant check and balance
- Mitigates any conflict of interest situation in policy making
- Constructively challenges and contributes to development of Company strategy, policy making and direction
- Ensure that adequate framework and control systems are in place to safeguard interests of the Company
- Oversees the performance of the management in meeting agreed objectives and monitor the reporting of performance

10. Board Committees

The Board delegates certain responsibilities to the Board Committees to assist the Board in execution of its duties and responsibilities effectively:

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

Each Committee shall have its own defined Terms of Reference approved by the Board. Formal minutes of each Committee meeting will be prepared and circulated to each Director together with a clear list of recommendations and other matters and issues for consideration for the Board.

These Committees have the authority to examine particular issues and report to the Board with their recommendations. However, the ultimate responsibility for the final decision on all matters lies with the Board.

10.1 Nomination Committee

The primary function of the Nomination Committee is to propose new nominees for the Board and to assess Directors on an ongoing basis for re-appointment.

It will also assess the effectiveness of the Board as a whole and contribution of each individual Director as a whole and recommend its findings to the Board.

The Nomination Committee will collectively undertake to review the required skills sets annually to ensure that the Board of Directors have an optimal mix of expertise and experience.

The primary roles and responsibilities of the Nomination Committee are clearly defined and include the following:

- To develop assessment and criteria for recruitment of Board members and Directors, annual assessment of Directors as well as conduct “fit and proper” test of independence on non-Executive Independent Directors pursuant to Fit and Proper Policy.

- To review the required mix of skills, experience and other qualifications which Directors (including Independent Directors) should bring to the Board in order for the Board to function effectively;
- To annually review and assess the contribution of each individual Director and to recommend to the Board new candidates for appointment as Director if there is a need for additional Board Members;

10.2 Remuneration Committee

The primary function is to set the policy framework for the remuneration of the Directors to ensure that the policy on Directors is sufficient to attract and retain Directors of the calibre needed to manage the Company successfully.

The determination of remuneration of our Executive and Non-Executive Directors shall be a matter to be determined by the Board as a whole after taking into consideration the Remuneration Committee's recommendation.

The Remuneration Committee's primary responsibilities include establishing, reviewing and recommending to the Board the remuneration packages of each individual Executive Director and the Company Secretary.

The Remuneration Committee is also responsible for recommending the remuneration for the senior management and that the remuneration should reflect the responsibility and commitment that goes with it.

The primary roles and responsibilities of the Committee are clearly defined and include the following:

- To recommend to the Board a framework for remuneration for the Board and each Executive Director, which include but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind; and
- To establish objectives performance criteria and measurement to evaluate the performance and effectiveness of the Board as a whole and to assess the contribution by each individual Director.

10.3 Audit and Risk Management Committee

The Audit and Risk Management Committee ("ARMC") shall be the focal point for communication between external auditors, internal auditors, Directors and the management on matters in connection with financial accounting, reporting and controls. It shall also ensure that accounting policies and practices are adhered to by the Company and its subsidiaries.

The ARMC shall comprise at least three members all of whom must be Independent Non-Executive Directors.

The ARMC shall, in accordance with procedures determined by the Board of Directors and at the expense of the Company:

- Investigate any activity within its term of reference, with the cooperation of all employees as directed by the Board and the Committee
- Have full and unrestricted access to all information, documents and resources required to perform its duties as well as to the internal and external auditors and senior management of the Company
- Obtain independent professional advice or other advice and to secure the attendance of external parties with relevant experience and expertise if necessary
- Convene meetings with internal or external auditors, without the attendance of Executive Directors whenever deemed necessary
- Make relevant reports when necessary to the relevant authorities when a breach of Listing Requirements has occurred

The primary functions and duties of the ARMC are to:

- Review the quality of External Auditors and to make recommendations on their appointment, termination and remuneration
- Review the audit plan and audit reports, including evaluation of the internal control system with the External Auditors
- Review the independence and objectivity of the External Auditors and their services including non-audit services
- Review the liaison between the External Auditors, Management and the Board, and the assistance given by Management to the External Auditors
- Discuss problems and reservations arising from the interim and final audits and any matter the auditor may wish to discuss
- Review the External Auditor's audit report, management letter and management response
- Review the assistance given by the employees of the Company and subsidiaries to the External Auditor
- Consider the appointment of the Internal Auditor, the audit fees and any queries pertaining to resignation or dismissal
- Review the internal audit functions namely the scope, programme, authority and performance of the Internal Auditor
- Review the internal audit programme and results of the internal audit process and where necessary, ensure that appropriate action is taken on the recommendations of the internal auditor
- Review the performance of the internal auditor, whose role includes the examination and evaluation of the Company's operations and their compliance with the relevant internal controls policy and standard operating procedures
- Review the quarterly reporting to Bursa Malaysia and year end annual financial statements before submission to the Board, focusing on major accounting

policy changes, significant audit issues in relation to the estimates and judgment areas, significant and unusual events, and compliance with accounting standards and other legal requirements

- Monitor any related party transactions and recurring related party transactions within the Company and to report if any such transactions are not based on arms-length terms and are disadvantageous to the Company
- Review any related party transaction and conflict of interest situation that may arise within the Company including any transaction, procedure or cause of conduct that may raise questions of management integrity
- Consider the major findings of internal investigations and management's response
- Review and monitor the effectiveness of the Company's system of internal control
- Overall responsibility for risk oversight and risk management
- Consider other matters as defined by the Board

The Board is committed to maintaining a sound system of internal control within the Company. The Board acknowledges that a good system of internal control covering all aspects of the business including compliance and risk management is required to safeguard shareholders' investment and the Company's assets.

11 Matters Reserved for the Board

The Board is responsible for the stewardship of the Company's business and affairs, setting the Company's long-term strategic direction taking into account sustainability and stakeholders' interest, approving and adopting strategic plans, safeguarding the proper organization of the business and overseeing the management of its day-to-day operations with the objective of creating long-term shareholders' value.

The Board shall approve the Company's core principles and ethical standards as outlined in the Code of Conduct.

Matters reserved for the Board for its collective review and approval are as follows:

- Strategy and Business Planning
- Finance, Annual Operating Budgets and Controls
- Structure and capital
- Compliance and risk management
- Contracts
- Communication
- Board Appointment and Remuneration
- Corporate governance matters
- Material acquisition and disposal of assets and securities
- Investment in major capital expenditure and major projects
- Major human resource issues
- Bank Borrowings
- Entering into Corporate Guarantee and Indemnity

- Approval of Dividends
- Granting of Power of Attorney by the Company
- Alteration of Constitution
- Purchase of own shares by the Company
- Corporate Exercise and Scheme of restructuring
- Policy Statements & Review
- Any other major issues impacting Company significantly

The list above is not exhaustive and covers some of the key issues for the Board as a whole to deliberate upon.

The Board shall be involved in any issue which either individually or collectively may have a significant impact on the business of the Company.

The authority to decide on issues which are of major significance to the Company lies with the Board and may only be delegated to the Managing Director/CEO on a case by case basis.

12 Board Meetings and Procedures

12.1 Notice of Board Meetings

By December each calendar year or last month of the financial year, the Managing Director/CEO shall after consultation with the Chairman provide a proposed draft timetable of meetings and meeting agenda for the following year.

The Chairman or his appointed deputy shall call for Board meetings. In the event that a Board member or CEO (or Managing Director) is unable to attend a Board meeting, the Company Secretary shall be promptly notified. The Chairman/Secretary shall invite deputies/proxies where relevant to attend the Board meeting on behalf.

Each Board member and/or the CEO may request for a Board meeting but shall notify and provide the meeting agenda to the Company Secretary. The Chairman is responsible to ensure that such a request is met and that a Board meeting is duly convened within a reasonable time after a request has been made.

Board meetings shall be called within a minimum of seven (7) working days' notice. The notice can be shorter if the Chairman deems it acceptable for practicable or urgent reasons subject to the provisions in the Companies Act 2016 and the Constitution of the Company.

Notice of Board meetings shall be in writing or via email. The Chairman retains prerogative of holding Board meetings without written notice as long as Board members are informed accordingly.

12.2 Prior Processing

Together with the Chairman, the CEO (or Managing Director) is responsible for the appropriate preparation and documentation of issues to be dealt with by the Board. Necessary preparatory documents that give an account of the issues to be dealt with shall be included as agenda papers to the notice of meeting, along with proposals for resolutions. The Board documentation shall contain sufficient information to provide the Board members with an adequate basis to deliberate, and reach a decision, on the issue in question.

In the event that the Chairman considers it acceptable, or if it is vital for the issue in question to be dealt with at the forthcoming board meeting, Board documentation can be distributed on shorter notice or at the actual meeting.

12.3 Board Meetings

Before a board meeting can be conducted, all Board members, and if applicable any relevant deputies shall have been notified of the meeting. Unless otherwise determined by the Board, at least two of the Board members must participate either personally or via a video or telephone conference in order to form a quorum.

The Board shall, as a general rule, deal with issues in meetings where the members participate physically. However, if the Chairman finds that the agenda for a specific board meeting can be adequately deliberated by the Board without a physical meeting, and this is within the limits of applicable law, he/she can decide that attendance may take place via video or telephone conference, or that the issues can be submitted in writing or be dealt with in another manner unless otherwise agreed by the Board.

The Company's annual accounts and annual report, and the appointment (including the stipulation of the remuneration) or dismissal of the CEO (and other members of the executive management if said persons have been appointed by the Board), shall always be dealt with in a physical meeting unless prohibited otherwise due to circumstances beyond the Company's control such as declaration of a pandemic or restricted movement controls by the relevant regulatory authorities. In such circumstances a virtual meeting may be conducted accordingly.

Issues that have a major impact on the business, such as mergers, takeovers or other major changes to the structure of the Company, substantial investments and the entering into of agreements of considerable importance to the Company should be dealt with in a physical meeting, unless there are significant reasons for dealing with them otherwise. In such circumstances, such matters may be urgently dealt with by a virtual meeting.

Board resolutions passed in writing, including by email, requires the participation of all Board members to be validly decided.

Board members and the CEO may request issues submitted in writing to be dealt with in a physical meeting before a decision is reached unless there are significant reasons for dealing with them otherwise.

Board meetings shall be chaired by the Chairman or, in his/her absence, by (i) the deputy chairman or CEO (Managing Director), or (ii) a Board member appointed by the Board to preside over the meeting. The Company Secretary shall attend all meetings to take minutes of meeting and ensure compliance with meeting protocol. Senior management of the respective departments and relevant management personnel may be invited to attend the Board meetings.

The CEO, or someone appointed by him/her or proxy, shall be responsible for presenting individual matters set out in the agenda.

12.4 Decision Making Process

A decision by the Board requires the majority of the votes cast by the Board members who take part in the processing of an issue. In the event of an equality of votes, the Chairman shall have the casting vote.

12.5 Minutes of Meeting

Minutes of the board meetings shall be recorded by the Company Secretary. As a minimum, the minutes shall specify the date, time and place, the participants, the method of dealing with issues and the Board resolutions. The minutes shall also state that the required minimum number of Board members was present and that all Board members were given the opportunity to participate in the meeting or state the Director's abstention from participating in dealing with issues, where relevant.

The minutes shall also specify whether a decision was unanimous or who voted for and against the proposal. Those who vote against a proposal, and the CEO, is entitled to have his comments recorded in the minutes.

The minutes shall be signed by the Chairman or Chairman of the next succeeding meeting. In addition, Board members that did not participate in the meeting, shall be entitled to receive the minutes from the meeting in which they did not participate.

The Board should always consider if documentation referred to in the minutes is to be appended to the minutes.

All Board minutes shall be in English or include a full English translation.

The minutes shall be sent to the Board for review and comments as soon as possible after the meeting had taken place. The Board minutes shall be confirmed, approved and signed at the following Board meeting.

12.6 Board Meeting Protocol & Procedures

The Committee will meet at least four (4) times a year and such additional meetings as the Chairman shall decide in order to fulfil its duties. The external auditors may request a meeting if they consider that one is necessary.

The Quorum for each meeting shall be two (2) members and the majority of members present must be Independent Non-Executive Directors.

The authorized Officers and a representative of the external auditors may attend meetings at the invitation of the Committee. Other Board members shall also have the right of attendance upon the invitation of the Committee. If necessary, the Committee shall meet with the external auditors without executive Board members being present.

The Secretary to the Committee shall be the Company Secretary or any other person appointed by the Committee.

The Secretary shall be responsible, in conjunction with the Chairman, for drawing up the Agenda and circulating it to the Committee members prior to each meeting. The Secretary will also be responsible for keeping the minutes of the meeting of the Committee, and circulating to the Committee members and to other members of the Board.

A Resolution in writing signed or approved by letter by all the members of the Committee who are sufficient to form a Quorum shall be considered valid and effectual as if it had been passed at a meeting of the Committee duly called and constituted. All such resolution shall be described as "Board Circular Resolution" and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by him/her in the Company's minute book.

Any such resolution can be signed in counterpart and may consists of several documents in like form, each signed by one (1) or more Board members.

12.7 The Annual General Meeting

The Annual General Meeting serves as an important means for shareholder communication. Notice of the Annual General Meeting and Annual Reports are sent to shareholders twenty-eight days prior to the Meeting.

At each Annual General Meeting, the Board presents the progress and performance of the Company's business and encourages attendance and participation of shareholders during question and answer sessions. The Chairman and the Board will respond to all questions raised by the shareholders during the Annual General Meeting.

12.8 Extraordinary General Meeting

The Board shall consider requisitions by shareholders to convene an Extraordinary General Meeting or any other urgent matter requiring immediate attention of the Company.

13 Alternate Directors

A Director can from time to time nominate another Director as proxy to him and once appointed the Alternate Director may be entitled to receive notice of meeting, attend, speak and vote at Board meetings on behalf of the original Director when the appointing Director is unable or is not personally present at meetings.

The Alternate Director shall be entitled to be paid remuneration or the proportion of the remuneration otherwise payable to his appointing Director on written notice to the Company from the Appointing Director.

His appointment as Alternate Director can be revoked at any time by the Appointing Director or by the majority of the Board. All appointments and revocations shall be effected in writing and notified to the Company Secretary.

An Alternate Director shall cease to be an Alternate Director in the event of resignation or retirement of the Appointing Director.

14 Vacation of Office of Directors

The position of the Director can become vacant in the following circumstances:

- disqualified from being a Director by virtue of the Act or the Securities Laws or the Bursa Malaysia's Listing Requirements
- Is absent from more than 50% of total Board meetings
- Is removed from office by resolution of the Board in a general meeting of which a special notice has been sent to the Director in question

When a Director is removed from Office, the Company shall made announcement to Bursa Malaysia and forward to Bursa a copy of any written representations made by the Director in question and simultaneously copies are send to Board members and Company Secretary notifying as such.

15 Remuneration of Directors

The remuneration of Directors will be formulated to be competitive and realistic, emphasis being placed on performance and calibre, with aims to attract, motivate and retain Directors with the relevant experience, expertise and quality needed to assist in managing the Company effectively.

For Executive Directors and senior management, the remuneration packages link rewards to corporate and individual performance whilst for the Non-Executive Directors, the level of remuneration is linked to their experience and level of responsibilities undertaken.

The level of remuneration for the Executive Directors and senior management is determined by the Remuneration Committee after giving due consideration to the compensation levels for comparable positions among other similar Malaysian public listed companies.

The determination of the remuneration package of Non-Executive Directors, including Executive Chairman should be a matter for the Board as a whole. The individuals concerned should abstain from discussing their own remuneration.

No Director other than the Managing Director and Executive Director shall have service contract with the Company.

The Company shall ensure transparent disclosure of remuneration of Directors of the Board in the Annual Report.

16 Declaration of Interest/Conflict of Interest

Directors are under duty and initiative to declare external business interest which may directly or indirectly be in conflict of interest with the Company and the declaration shall be subject to Board deliberations.

Directors are required to take reasonable steps to avoid or resolve actual or potential conflict of interest situation with the Company. In the event of occurrence of conflict of interest, the Director shall excuse himself from Board deliberations or voting in respect of those interest.

Directors are expected to advise the Company Secretary on any proposed Board appointment to other companies as soon as possible. Directors cannot be appointed to any positions or be engaged with any competitor to the Company.

17 Access to the Advice and Services of the Company Secretary

All Directors shall have unrestricted access to advice and services of the Company Secretary and may request information and documents relating to the Company from the Company Secretary in order to facilitate their work duties as Directors.

18 Independent Advice

Directors may also obtain professional advice of the Company Secretary or other professionals at the reasonable cost of the Company and after obtaining approval of the Board.

19 Directors Training

The Company acknowledges the fact that continuous education is vital for the Board members to gain insight into the state of the economy, technological advances in the core business, latest regulatory updates, and management strategies. In compliance with the Listing Requirements and the relevant Practice Note issued by Bursa Securities, all Directors must complete their Mandatory Accreditation Programme ("MAP") prescribed by Bursa Securities.

The Directors shall be made aware of their annual duty to undergo appropriate training from time to time to ensure that they are equipped to carry out their duties effectively.

The Board shall keep abreast of changes in both the regulatory and business environments as well as with new developments within the industry in which the Company operates.

Whenever the need arises, the Company will provide briefings of new recruits to the Board, to ensure they have a comprehensive understanding on the operations of the Company.

Board members shall be encouraged to not only attend meetings but also on their own initiative keep abreast of company and industry developments.

20 Role of the Company Secretary

The appointment and removal of the Company Secretary is a matter for the Board as a whole. The Board as a whole shall appoint the Company Secretary via a Board Resolution to fulfil the following roles:

- Provides advisory role to the Board on Company Secretarial matters and maintains register, statutory records and company secretarial documents
- Advises and provides information and updates to the Board and its Committees on issues relating to corporate governance, compliance with laws, rules and regulations, procedures and protocol affecting the Company
- Attends and prepares minutes of Board meetings and ensure protocol and procedures of Board meetings are adhered to and that applicable rules and regulations are complied with
- Ensure interest of the Board and Company are protected
- Advises Directors to fulfil their obligations in regards to:
 - Disclosure of interest in securities of the Company
 - Disclosure of transactions with the Company
 - Prohibition of dealing in securities during closed period and moratorium
 - Restriction on disclosure of price sensitive information

The Company Secretary is accountable to the Board through the Chairman of the Board and Committees on all corporate governance matters.

21 Access to Information

The Board has a formal schedule of matters and access to information of the Company for decision-making to ensure that the direction and control of the Company is firmly in its hands.

Directors shall be provided with complete, adequate and timely information before each Board meeting and on an ongoing basis to enable the Directors to consider the matters to be deliberated and where necessary, obtain further information.

Proceedings of Board meetings are duly recorded and signed by the Chairman of the meeting.

Every Director has full and timely access to all Company information, records, documents and property to enable them to discharge their duties and responsibilities effectively. The Directors shall maintain confidentiality of privy information and safeguard the assets under their custody against abuse. The Directors, whether collectively or individually, may seek independent professional advice in furtherance of their duties at the Company's expense, if required. The Directors shall also have separate and independent access to senior management and Company Secretary at any point of time.

22 Financial Reporting

22.1 Transparency

The Board is responsible to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and of the results and cash flow of the Company for the financial year ended.

In preparing the financial statements, the Directors will:-

- i. Adopt the appropriate accounting policies and applied them consistently;
- ii. Make judgements and estimates that are reasonable and prudent;
- iii. Ensure applicable approved accounting standards have been followed and any material departures have been disclosed and explained in the financial statements; and
- iv. Ensure the financial statements have been prepared on a going concern basis.

The Board is responsible for keeping proper accounting records of the Company which shall present a clear, balanced and comprehensive assessment of the Company's financial performance and prospects through the quarterly announcement of results to Bursa Malaysia as well as the Chairman's statement, review of operations and annual financial statements in the Annual Report. The ARMC will assist the Board in ensuring accuracy and adequacy of information by overseeing and reviewing the financial statements and quarterly announcements prior to the submission to Bursa Securities.

The Directors are responsible to ensure that the annual financial statements are drawn up in accordance with the applicable approved accounting standards in Malaysia and the Companies Act.

23 Investor Relations and Shareholder Communication Policy

The Company recognizes the importance of communication with its shareholders and the investing community and utilizes many channels to disseminate information and to interact with them. The Company has a website in which shareholders and the investing community can access up-to-date information about the business and the Company. The Company's website can be accessed via www.samchem.com.my

In addition, the Company will have full interaction with fund managers, institutional investors, analysts and major investors. Arrangements will be made for Executive Directors and Senior Management to communicate and meet with investors and analysts to brief them on the ongoing business landscape. The Company also releases financial results on a quarterly basis according to Bursa Malaysia's requirements.

The Company will endeavor to ensure that information is disclosed on a timely basis, fully and fairly stated in a transparent manner and widely disseminated so that investors can make informed decisions.

Information is disseminated in strict adherence to disclosure requirements of Bursa Malaysia Securities Berhad.

The disclosures made by the Company to Bursa Malaysia, shareholders, investors and media are handled by the relevant personnel and/or Company Secretary within the prescribed disclosure requirements under the Bursa Listing Requirements. Such disclosures would only be released to Bursa Malaysia and media after having been reviewed by senior management and/or Executive Director.

The Company provides an avenue and opportunity during the Annual General Meeting for shareholders and media to interact and participate in Question and Answer Sessions with the Board.

24 Corporate Social Responsibilities

The Board acknowledges that the Company should play an active role in contributing towards the welfare of the community in which it operates.

The Board and Company supports charitable causes and initiatives and assists in community development projects.

25 Access to the Board Charter

A hardcopy of the Board Charter is provided to all Directors and Company Secretary for their perusal and understanding.

The Board Charter can also be access under the Corporate Governance segment of the Company website www.samchem.com.my

26 Review of the Board Charter

The Board Charter incorporates Principles and Recommendations of the Malaysian Code on Corporate Governance 2021, the Listing Requirements of Bursa Malaysia, the Bursa Malaysia Corporate Governance Guide, the Companies Act 2016 and other principles and guidelines on corporate governance. While the Board Charter serves as a structured guide for Directors and Board members, it shall not be construed as an exhaustive blueprint due to changes in the regulatory landscape.

Consequently, the Board will review the Board Charter from time to time and make amendments to the Board Charter in line with new changes in law, rules and regulations, and circumstances.

The Board Charter has been reviewed and adopted by the Board on 8 April 2022.
