



**SEG**  
International  
Bhd

(145998-U)

## **BOARD CHARTER**

(Last review: 6 April 2017)

### **Introduction**

The Board of Directors (“the Board”) has overall responsibility for corporate governance, strategic direction and overseeing investments of the Group and of the Company. All Board members are expected to show good stewardship and act in a professional manner, as well as uphold the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.

### **Purpose**

The Board Charter sets out the role, functions, composition, operation and processes of the Board and is to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members.

The Board Charter would act as a source reference and primary induction literature, providing insights to prospective Board members and senior management. It will also assist the Board in the assessment of its own performance and that of its individual Directors.

### **The Board**

#### Composition of the Board

The Board members comprise high calibre individuals who are professionals in their respective fields. At any one time, at least two (2) or one-third (1/3), whichever is higher, of the Board members are Independent Directors. The Independent Directors provide independent judgment, experience and objectivity without being subordinated to operational considerations. The Independent Directors fulfill a pivotal role in corporate accountability. They provide independent and objective views, advice and judgement on issues of strategy, business performance and controls. The Independent Directors will be responsible for taking account of the interests of the Group and its shareholders, as well as the communities in which the Group conducts business and the public at large.

The composition and size of the Board are such that they facilitate the decision making of the Company and add value in governing the strategic directions of the Group.

The Board is committed to the following principles when determining its composition:

- the Board is to comprise of Directors with the blend of skills, experience and attributes appropriate for the Company and its business; and
- the principal criterion for the appointment of new Directors is their ability to add value to the Company and its business.

The Board shall appoint a Senior Independent Director who will also attend to any query or concern raised by shareholders.

The composition and size of the Board are reviewed from time to time to ensure its appropriateness.

### Election and re-election

In accordance with the Articles of Association of the Company, all Directors who are appointed by the Board are subject to retirement and are eligible for election by shareholders at the annual general meeting following their appointment. The remaining Directors will retire at regular intervals by rotation at least once every three (3) years and shall be eligible for re-election.

### Independence of Directors

An Independent Director is a Non-Executive Director who is not a member of the Company's management and who is free of any business relationship or other relationship that could materially interfere with the independent exercise of their judgement. The Board will regularly assess whether an Independent Director remains independent under the annual Board Assessment.

When determining the independence of a Director, the Board should consider whether the Director fulfils the "independence" requirement pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

### Tenure of Independent Directors

The tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. The Board may, subject to the assessment of the Nomination Committee on an annual basis, recommend for an independent Director who has served a consecutive or cumulative term of nine (9) years to remain as an Independent Director to be approved at the general meetings of the Company.

### Board Diversity

The Board supports the need for diversity amongst the Board and workforce, amongst others, including in race, ethnicity, age, gender, skills and competencies, where possible.

## **Role and responsibilities**

The primary role of the Board is to provide effective governance over the Group's affairs to ensure the interests of shareholders are protected and the confidence of the investment market is maintained whilst having regard for the interests of all stakeholders including customers, employees, suppliers and local communities. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Board's key responsibilities are to:

- oversee the overall strategic plan and performance of the Group's business and develop initiatives for profit and asset growth;
- oversee, evaluate and monitor the conduct of business of the Company and the Group and their corporate strategies;
- approve and monitor financial and other reporting as required;
- identify business risks and ensure that the appropriate risk management framework, internal control systems, code of conduct and compliance frameworks are in place and operating effectively and efficiently;
- approve and monitor the progress of major capital expenditure, capital management and acquisitions and divestments;
- ensure that appropriate corporate governance and the adequacy and integrity of the management information and internal control systems are established and maintained;
- select, appoint and evaluate the performance of, determine the remuneration of, plan for the successor of and, where appropriate, removal of senior executives;
- establish a succession plan;
- ensure that the Board continues to have the blend of skills, experience and attributes appropriate for the Company and its business, and to this end ensure, that appropriate Directors are selected and appointed as required;
- monitor the performance of the Company's management and ensure appropriate resources are available to the management; and
- develop and implement an effective communication channel between the Board, shareholders and general public.

## **Board meetings**

The Board shall meet on a scheduled basis, at least once every quarter with additional meetings held as and when urgent issues and important decisions are required to be made between the scheduled quarterly meetings. The matters reserved for the Board which include the approval of annual and quarterly results, major acquisitions and disposals, material contracts or agreements, major capital expenditures, major decisions affecting business operations and performance of the Group will be considered and deliberated during Board meetings. All Board members are encouraged to attend and participate in the deliberations actively, especially when due notice has been given.

All board papers must be circulated to Directors prior to meetings in a timely manner to facilitate Directors' participation in Board discussions on a fully-informed basis.

Senior management staff and/or external advisors may be invited to attend the Board meetings to advise the Board on issues under their respective purview.

### **Access to information and independent advice**

The Board has unrestricted access to all information pertaining to the Group's affairs and the services of the Company Secretary. If necessary, the Directors are at liberty to seek independent professional advice on matters relating to the fulfilment of their roles and responsibilities at the Company's expense to enable them to discharge their duties effectively.

### **Chairman and Managing Director and Chief Executive Officer ("MD & CEO")**

The Board ensures that its Chairman is a non-executive member of the Board.

The role of the Non-Executive Chairman and the MD & CEO are distinct and separate to ensure there is a balance of power and authority. The Chairman is responsible for ensuring Board's effectiveness and conduct whilst the MD & CEO have overall responsibilities for the operating units, organisational effectiveness and implementation of the Board's policies and decisions, and to consult and inform the Board on matters that are sensitive, extraordinary or of a strategic nature.

### **Board committees**

The Board assumes responsibility for effective stewardship and control of the Group. It delegates certain responsibilities to the Board Committees as described below with clearly defined terms of reference and the Board receives reports of their proceedings and deliberations.

#### Nominating Committee

The Nominating Committee is entrusted with the specific task of identifying and recommending new nominees to the Board. However, the Board has the final decision on appointments after considering the recommendations of the committee.

The duties of the committee include evaluating the effectiveness of the Board as a whole, the various board committees and reviewing the mix of skills, experience and expertise of each Director and their contributions to the effectiveness of the decision-making process of the Board.

#### Remuneration Committee

The Remuneration Committee is responsible for developing the remuneration policy framework and to make recommendations to the Board on the remuneration packages of the Directors. The Board as a whole determines the remuneration of the Directors. The individual concern abstains from participating in decisions in respect of his/her own remuneration.

## Audit Committee

The Audit Committee assists the Board in discharging its duty in maintaining a sound internal control system to safeguard the shareholders' investment and the Company's assets.

The committee provides assistance to the Board in fulfilling its fiduciary responsibilities, particularly in areas relating to financial accounting and reporting practices, as well as operation and management controls. This is to ensure conformity with good corporate governance, transparency, integrity and accountability in the conduct of the Group's activities so as to safeguard the rights and interests of the shareholders.

## Risk Management Committee

The Risk Management Committee is established to oversee the implementation of the risk management system in the Group. The committee reports directly to the Board and assists the Board in overseeing the management of risk issues and reviews the effectiveness of internal controls within the Group.

## Executive Committee ("EXCO")

The EXCO is to review the monthly financial performances of the Group and to discuss opportunities and threats arising to the Group.

Where committees have no authority to make decisions on matters reserved for the Board, the matters would be submitted for the Board's approval. The chairman of the various committees reports the outcome of the committee meetings to the Board, and the minutes of the various committees will be included in the board papers.

## **Code of Conduct**

The Code of Conduct ("the Code") of the Company shall be observed by all Directors and employees of the Group. The Board will review the Code regularly to ensure that it continues to remain relevant and appropriate. The Code is made available for reference in the Company's website at <http://policies.segi.edu.my>.

## **Review of the Board Charter**

The Board Charter has been adopted by the Board on 1 November 2012. Any subsequent amendment to the Charter can only be approved by the Board.

The Board Charter will be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the Board's responsibilities.

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