

**SLP RESOURCES BERHAD**  
**BOARD OF DIRECTORS CHARTER**

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**1. INTRODUCTION**

- 1.1 The Board of Directors (“Board”) of SLP Resources Berhad (“SLP” or “the Company”) recognises Corporate Governance as being vital and important to the success of the businesses of SLP and its subsidiaries (“the Group”). They are unreservedly committed to applying the requisite policies necessary to ensure that the principles of good governance are practised in all of its corporate and business dealings.
- 1.2 The Board is the focal point of the Group’s Corporate Governance system. It is ultimately accountable and responsible for the performance and affairs of the Group and is also responsible to oversee the Group’s corporate governance framework. All Board members are expected to act in a professional manner, thereby upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.
- 1.3 All Board members are responsible to the Group for achieving a high level of good corporate governance. This Board Charter shall constitute and form an integral part of each Director’s duties and responsibilities but it does not overrule or pre-empt the statutory requirements of Directors enshrined in the Companies Act 1965, the Income Tax Act 1967 and other relevant statutes, including the conduct of the Board as stipulated in the Articles of Association of the Company and the Group.

**2. PURPOSE**

- 2.1 The objectives of this Board Charter are to ensure that all Board members acting on behalf of the Group are aware of their duties and responsibilities as Board members and the various legislations and regulations affecting their conduct and that the principles and practices of good Corporate Governance are applied in all their dealings in respect, and on behalf of, the Group.
- 2.2 This Board Charter is not an “all inclusive” document and should be read as a broad expression of principles. The Board Charter will be reviewed on a periodic basis and may be amended by the Board from time to time.
- 2.3 This Charter is a source reference and primary induction program to provide insights to prospective Board members and senior management.

**3. COMPOSITION AND BOARD BALANCE**

- 3.1 The Board consists of qualified individuals with diverse skill, experiences, knowledge and perspectives. The composition and size of the Board is such that it facilitates the decision making of the Company and the Group.
- 3.2 The Company’s Articles of Association allow a minimum of two (2) and a maximum of nine (9) Directors. The Board shall, from time to time, review its size and composition to ensure its appropriateness.
- 3.3 The Board recognises the importance of independence and objectivity in the decision making process. At least two Directors or 1/3rd of the Board of the Company, whichever is the higher, are independent Directors. If the number of Directors of the Company is not three (3) or a multiple of three (3), then the number nearest 1/3rd shall be used.
- 3.4 On boardroom diversity, the Board is supportive of the gender boardroom diversity recommended by the MCCG. The Board currently has three (3) female Directors out of a total of 8 Directors. The Board will annually review the proportion of the female to male board members during the annual assessment of the Directors’ performance taking into consideration the appropriate skills, experience and characteristics required in the context of the needs of the Group.

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- 3.5 The Board recognizes that the Board must comprise a majority of Independent Directors where the Chairman of the Board is not an Independent Director and the Nomination Committee must be chaired by Senior Independent Director as recommended by the Code.
- 3.6 The Independent Directors provide independent judgement, experience and objectivity without being subordinated to operational considerations.
- 3.7 The Independent Directors help to ensure that the interests of a particular fraction or group, are indeed taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board.
- 3.8 Profiles of Board members are included in the Annual Report of the Company.

**4 DUTIES AND RESPONSIBILITIES OF THE BOARD**

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- 4.1 The Board recognises the key role it plays in charting the strategic direction of the Company and has assumed the following principal responsibilities in discharging its fiduciary and leadership functions:
  - (i) Review and approve strategies, business plans and significant policies and ensure that the Group's goals are clearly established, and to monitor implementation and performance of the strategy, policies, plans, legal and fiduciary obligations that affect the business by adopting performance appraisal measures;
  - (ii) Ensure a competent management by establishing policies for strengthening the performance of the Group with a view to proactively build the business through innovation, initiative, technology, new products and the development of its business capital;
  - (iii) To evaluate whether the business is being properly managed and to ensure that the solvency of the Group and the ability of the Group to meet its contractual obligations and to safeguard the Company's assets;
  - (iv) To ensure that the Group has appropriate business risk management process, including adequate control environment be it the internal control systems and management information systems, systems for compliance with applicable laws, regulations, rules, directives and guidelines and controls in areas of significant financial and business risks;
  - (v) Establish various Board Committees and ensure their effectiveness to address specific issues, by considering recommendations of the various board committees and acting on their reports;
  - (vi) Ensure that the statutory accounts of the Company and the Group are fairly stated and otherwise conform with the relevant regulations including acceptable accounting policies that result in balanced and understandable financial statements;
  - (vii) Ensure that there is in place an appropriate succession plan for members of the Board and senior management;
  - (viii) Ensure that the Group adheres to high standards of ethics and corporate behaviour including transparency in the conduct of business. Directors are required to comply with the Directors' Code of Best Practice which amongst others includes the declaration of any personal, professional or business interests, direct or indirect which may conflict with directors' responsibilities as a Board Member and to refrain from voting on such transaction with the Group; and
  - (ix) Ensure that there is in place an appropriate investor relations and communications policy.

## **5 BOARD COMMITTEES**

- 5.1 The Board has established the following Board Committees to assist in the execution of its responsibilities with specific terms of reference:

### **Audit and Risk Management Committee**

Audit and Risk Management Committee assists in providing oversight on the Group's financial reporting, disclosure, regulatory compliance and monitoring of internal control processes and risk management within the Group. The Audit and Risk Management Committee reviews the quarterly financial results, unaudited and audited financial statements, internal and external audit reports as well as related party transactions.

### **Nomination Committee**

The Nomination Committee oversees matters relating to the nomination of new Directors, annually reviews the required mix of skills, experience and other requisite qualities of Directors as well as the assessment of the effectiveness of the Board as a whole, its Committees and the contribution of each individual Director. The Nomination Committee must be chaired by Senior Independent Director.

### **Remuneration Committee**

The Remuneration Committee is primarily responsible for examining and making recommendation to the Board as to the remuneration packages for Directors.

## **6 CHAIRMAN AND MANAGING DIRECTOR**

- 6.1 The roles of the Chairman and the Group Managing Director are clearly defined and separated.
- 6.2 The Chairman is responsible for running the Board and ensuring that all Directors receive sufficient information on financial and non-financial matters to enable them to participate actively in Board deliberations and decisions. Although the Chairman of the Board is not an Independent Non-Executive Director, he is primarily responsible for the orderly conduct and effective function of the Board.
- 6.3 The Group Managing Director is responsible for the day to day management of the business as well as implementation of the Board's policies and decisions.

## **7 DUTIES AND RESPONSIBILITIES OF EXECUTIVE DIRECTOR**

- 7.1 The Executive Director is the conduit between the Board and the Management in ensuring the success of the Group's governance and management functions.
- 7.2 The Executive Director, in association with the Chairman, is accountable to the Board for the achievement of the Group's mission, goals and objectives and the Executive Director is accountable to the Board for the observance of Management's limitations.
- 7.3 The Executive Director has the executive responsibility for the day-to-day operation of the Group's business

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- 7.4 The Executive Director implements the policies, strategies and decisions adopted by the Board.
- 7.5 All Board authorities conferred on the Management is delegated through the Managing Director and this will be considered as the Managing Director's authority and accountability as far as the Board is concerned.
- 7.6 The Executive Director is responsible to the Board for the following:
- (i) executive management of the Group's business covering, inter alia, the development of a strategic plan; an annual operating plan and budget; performance benchmarks to gauge management performance against and the analysis of management reports;
  - (ii) effectively overseeing the human resources of the Group with respect to key positions in the Group's hierarchy, determination of remuneration as well as terms and conditions of employment for Senior Management and issues pertaining to discipline;
  - (iii) assuring that the Group's corporate identity, products and services are of high standards and are reflective of the market environment;
  - (iv) be the official spokesman for the Company and responsible for regulatory, governmental and business relationships;
  - (v) coordinating business plans with the business heads, coordinating management issues through the Board, and overseeing divisional function groups and cost containment process in consultation with the Chief Financial Officer of the Group;
  - (vi) regularly reviewing the heads of divisions and departments who are responsible for all functions contributing to the success of the Company;
  - (vii) assessing business opportunities which are of potential benefit to the Company;
  - (viii) ensuring the provision of accurate, timely and clear information to Directors;
  - (ix) maintaining and facilitating a positive working environment and good employee relations;
  - (x) promoting a high degree of corporate governance and ethics across the Group; and
  - (xi) assisting the Chairman in organising information necessary for the Board to deal with the agenda and for providing this information to Directors on a timely basis.

**8 INDEPENDENT DIRECTORS**

- 8.1 Independent Non-Executive Directors are independent of management and free from any business or other relationship that could materially interfere with or could reasonably be perceived to interfere with the exercise of their unfettered and independent judgement.
- 8.2 The Board does not believe it is possible to draft a list of criteria which are appropriate to characterise, in all circumstances, whether a Non-Executive Director is independent. It is the approach and attitude of each Non-Executive Director which is critical and this must be considered in relation to each Director while taking into account all other relevant factors, which may include those set out in paragraph 1.01 and PN13 of the Listing Requirements.

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- 8.3 Independent Non-Executive Directors are best able to determine if they have an interest or relationship which is likely to impact on their independence. As such, each Independent Non-Executive Director is expected to advise the Chairman immediately if he/she believes they may no longer be independent.
- 8.4 Each Independent Non-Executive Director must immediately disclose to the Chairman (with a copy to the Company Secretary) all information relevant for determining whether the Independent Non-Executive Director is independent, including details of entities in which the Independent Non-Executive Director has a direct or indirect shareholding (or other interest), or is a director.
- 8.5 The Nomination Committee reviews the independence of each Independent Non-Executive Director annually or whenever necessary, in light of information relevant to the assessment as disclosed by each Independent Non-Executive Director to the Board.
- 8.6 The tenure of an Independent Non-Executive Director shall not exceed a cumulative term of nine years. However, upon completion of the nine years, the 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 retain an Independent Director beyond nine years, it should be subjected to the following:-
- i) annual assessment by the Nomination Committee, regarding the independence and contributions; and
  - ii) annual shareholders' approval in a general meeting, where the Board provides strong justification on the recommendation.

If the Board continues to retain the Independent Director after the 12th year, the Board should seek annual shareholders' approval through a two-tier voting process.

- 8.7 The Board nominates a Senior Independent Non-Executive Director to whom any concerns by shareholders may be conveyed.
- 8.8 The role of Independent Directors is to constructively challenge and help develop proposals on strategy include, inter alia:
- i) to make independent assessment of the information, reports or statements, having regard to the Directors' knowledge, experience and competence, to provide independent view and demonstrate objectivity in reviewing and challenging the management's proposals at meetings;
  - ii) to devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes, so as to keep abreast of industry issues, market development and trend, and enable them to sustain their active participation in board deliberations; and
  - iii) act as a channel of communication between Management, shareholders and other stakeholders, and provide the relevant checks and balances, focusing on shareholders' and other stakeholders' interests and ensuring that high standards of corporate governance are applied.

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**9 ACCESS TO INFORMATION AND INDEPENDENT ADVICE**

- 9.1 The Board and Committees must be provided with the information they need to efficiently discharge their responsibilities on timely manner.
- 9.2 The management must supply the Board and Committees with information in a form, timeframe and quality that enables them to effectively discharge their duties. All Directors are to receive copies of Board Papers and agenda items at least seven (7) business days in advance of the Board meeting.
- 9.3 Directors are entitled to request and receive such additional information as they consider necessary to support informed decision-making. Any Director has the authority to seek any information he/she requires from any employee of the Group and all employees must comply with such requests.
- 9.4 Any Director may take such independent legal, financial or other advice as they consider necessary at SLP's cost. Any Director seeking independent advice must first discuss the request with the Chairman who will facilitate obtaining such advice and, where appropriate, dissemination of the advice to all Directors.
- 9.5 Full Board minutes of each Board meeting are kept at the registered office of the Company and are available for inspection by any Director during office hours.
- 9.6 The minutes of meetings shall accurately reflect the deliberations and decisions of the Board, including whether any Director abstained from voting or deliberating on particular matter.
- 9.7 All Directors shall have access to the advice and services of the Company Secretary.

**10 DUTY TO DISCLOSE INTERESTS**

- 10.1 Every Director who may have direct or indirect interest in any contract or proposed contract or arrangement with the Company and/or Group shall immediately declare his/her interest to the Board and shall not participate in deliberations and shall abstain himself/herself from casting his/her votes in any matter arising there from.
- 10.2 Should there be an actual, potential or perceived conflict of interest between the Company and a Director, or an associate of a Director such as a spouse, other family member, or a related company (*as defined under Section 197(1) of the CA*), the Director involved shall make full disclosure and act honestly in the best interest of the Company:
  - i) Director shall immediately inform the Audit and Risk Management Committee in respect of their direct and indirect interests in any businesses or corporations which carry on similar trade as that of the Group; and
  - ii) Every Director shall comply with the provisions of Sections 219 and 221 of the CA in connection with the disclosure of his shareholding and interests in the Company and his interest in any contract or proposed contract with the Company and in connection with the disclosure, every Director shall state the fact and the nature, character and extent of any office or possession of any property whereby whether directly or indirectly duties or interests might be created in conflict with his duty or interest as a Director of the Company,

And the interested Directors shall abstain from deliberation and voting on the resolutions relating to those matters or transactions.

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- 10.3 An actual, potential or perceived conflict of interest shall not necessarily disqualify an individual Director from the Board provided that full disclosure of the interest has been made in good faith and due honesty.

**11 COMPANY SECRETARY**

- 11.1 The appointment and removal of the Company Secretary is a matter for the Board as a whole. The Board recognises the fact that the Company Secretary should be suitably qualified and capable of carrying out the duties required of the post.

- 11.2 The key responsibilities of the Company Secretary include:

- (i) advise the Board on governance issues;
- (ii) ensure compliance of listing and related statutory obligations;
- (iii) attend Board, Committees and general meetings, and ensure the proper recording of minutes;
- (iv) ensure proper upkeep of statutory registers and records; and
- (v) assist in the preparation for and conduct of meetings.

**12 DEALINGS IN SECURITIES**

- 12.1 The Company imposes restrictions on the trading of securities by Directors and principal officers with undisclosed price-sensitive information. All Directors must adhere to the said policy.

**13 ORIENTATION AND CONTINUING EDUCATION**

- 13.1 New directors shall receive an orientation from appropriate executives and staff regarding the business affairs of the Company and the Group. Directors are expected to remain abreast of issues and events in the sectors where the Group has an operating interest;
- 13.2 In addition to the Mandatory Accreditation Programme as required by the Bursa Securities, the Directors shall continue to update their knowledge and enhance their skills through appropriate continuing education programmes and life-long learning. This will enable Directors to effectively discharge duties and sustain active participation in the Board deliberations.
- 13.3 The Board which is assisted by Nomination Committee shall assess the training needs of each Director annually. In special circumstances, valid justifications for non-attendance at any training by Directors for the financial year shall also be disclosed.

**14 BOARD ASSESSMENT**

- 14.1 The Board, through the Nomination Committee, will conduct an annual self-evaluation and/or peer evaluation on its effectiveness as a whole, each individual Directors and the different Committees established by the Board.
- 14.2 The Nomination Committee is responsible for coordinating and overseeing the annual Board evaluation process in accordance with the charter of that Committee. The Nomination Committee may engage a professional, experienced and independent party to facilitate the Board evaluation. When an independent third party is used to carry out Board evaluation, the Board should also disclose the identity of the third party.