

BOARD CHARTER

1.0 OVERVIEW

The Board Charter (“**Charter**”) is a charter of the Board of Directors (“**Board**”) of **Semico Capital Berhad** (“**Semico Capital**” or the “**Company**”).

This Board Charter shall constitute and form an integral part of each Director of the Company’s (“**Director**”) duties and responsibilities but it does not overrule or pre-empt the statutory requirements of Directors enshrined in the Companies Act 2016 (“**CA**”), the Income Tax Act 1967, the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**Listing Requirements**”), Capital Markets and Services Act 2007 and other relevant statutes, including the conduct of the Board as stipulated in the Constitution of the Company (“**Constitution**”).

The Board is accountable to Semico Capital Group’s shareholders for the corporate governance and performance of Semico Capital and its subsidiaries (collectively known as the “**Group**”) and is also committed to achieving the highest standards of business integrity, ethics and professionalism across the Group’s activities.

This Charter further defines specific responsibilities of the Board to enhance coordination and communication between the senior management (“**Management**”) and Board and, more specifically, to clarify the accountability of both the Board and Management for the benefit of the Company and its shareholders. In addition, it will assist the Board in the assessment of its performance and its Directors.

2.0 BOARD STRUCTURE

2.1 BOARD COMPOSITION AND BALANCE

The Board recognises the importance of independence and objectivity in the decision-making process. As prescribed by Listing Requirements, at least two (2) directors or one-third (1/3), whichever is higher, of the Board members must be Independent Directors and one (1) director is woman director. If the number of directors is not three (3) or a multiple of three (3), then the number nearest one-third (1/3) shall be used to determine the requisite number of Independent Directors. The number of Directors shall not be less than two (2) and not more than fifteen (15) as set out in the Constitution.

To the extent where practicable, the Board should comprise at least half of the Independent Directors.

The Board endeavours to keep its size at a reasonable level to ensure participation, involvement and effectiveness. The Board shall, from time to time, examine its size and composition to ensure its appropriateness.

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The Board recognises the need for the composition to reflect a range of skill mixes and expertise. High levels of professional skills and appropriate personal qualities are prerequisites for directorships. Without limiting the generality of the foregoing, the qualifications for Board membership are the ability to make informed business decisions and recommendations, an entrepreneurial talent for contributing to the creation of shareholder value, relevant experience, the ability to appreciate the wider picture, the ability to ask probing operationally related questions, high ethical standards, sound practical sense, and total commitment to furthering the interests of shareholders and the achievement of the Group's goals.

2.2 THE BOARD OF DIRECTORS

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

A Director shall at all times exercise his powers for a proper purpose and in good faith in the best interest of the Group and shall act honestly and use reasonable care, skill and diligence in the discharge of the duties of his office and shall not make use of any information acquired by virtue of his position to gain directly or indirectly an improper advantage for himself or for any other person or to cause detriment to the Group.

A Director shall at all times avoid conflicts of interest and shall, as soon as practicable after the relevant facts have come to his/her knowledge, declare the nature of his/her interest at a meeting to the Board. Every Director shall give notice to the Company of such events and matters relating to him/her as may be necessary or expedient to enable the Company and its officers to comply with the requirements of the Companies Act, 2016 ("**Act**").

2.3 BOARD DUTIES AND RESPONSIBILITIES

For effective discharge of their functions, the Board shall undertake, amongst others, the following duties and responsibilities: -

- (a) To provide leadership and oversee the overall conduct of the Group's businesses to ensure that the businesses are being properly managed within the aspects of environment, social, governance and economy and necessary resources are in place for the Group to meet its objectives;
- (b) To review and adopt strategic plans for the Group and to ensure that such strategic plans and the risk, performance and sustainability thereon are effectively integrated and appropriately balanced;
- (c) To review and adopt corporate governance best practices in relation to business risk management, legal and compliance management and internal control systems for compliance with applicable laws, regulations, rules, directives and guidelines, and controls in areas of significant financial and business risks;
- (d) To ensure that the Company has effective Board committees as required by the applicable laws, regulations, rules, directives and guidelines and as recommended by the Malaysian Code on Corporate Governance 2021 ("**MCCG**");

(Board Charter – Cont'd)

- (e) To review and approve the annual business plans, financial statements and annual reports;
- (f) To monitor the relationship between the Group and the Management, shareholders and stakeholders, and to develop and implement an investor relations programme or shareholders' communications policy for the Group; and
- (g) To appoint the Board committees, to delegate powers to such committees, to review the composition, performance and effectiveness of such committees, and to review the reports prepared by the Board committees and deliberate on the recommendations thereon.

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

- Review and approve the annual corporate plan for the Group, which includes the overall corporate strategy, sustainability strategy, business development and marketing plan, human resources plan, financial plan, budget, regulatory plan and risk management plan;
- Review and approve strategic initiatives including corporate business restructuring or streamlining and strategic alliances;
- Oversee the conduct of the Group's businesses to evaluate whether the businesses are being properly managed;
- Ensure that the Group has appropriate corporate governance structures in place including standards of ethical behaviour and promoting a culture of corporate responsibility;
- Identify principal risks and ensure the implementation of appropriate systems to manage these risks;
- Approve the nomination, selection, succession policies, and remuneration packages for the Board members, Board Committee members, Nominee Directors on the functional Boards of the subsidiaries and the Principal Officers, and the annual manpower budget for the Group, including managing succession planning, appointing, training, fixing the compensation of, and where appropriate replacing senior management or key management personnel;
- Approve the appointment, resignation or removal of Company Secretaries of the Company ("**Company Secretary**");
- Develop and implement an "investor relations programme" or "shareholder communications policy" for the Group, where necessary;
- Review the adequacy and integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines (including the securities laws, Act and Listing Requirements);
- Review and approve the financial statements encompassing annual audited accounts and quarterly reports, dividend policy, credit facilities from financial institutions and guarantees;
- Review and approve the Audit Committee Report and Statement of Risk Management and Internal Control for the Annual Report;
- Prepare a Corporate Governance Overview Statement in compliance with the MCCG for the Annual Report;

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- Review and approve investment policies and guidelines for the Group's surplus funds, asset allocation policy and policy on exposure limits on investment with banking institutions;
- Review and approve the capital expenditure, purchase of fixed assets, operating expenditure, variation order and any other matters following the Authority Limits Document;
- Approve the appointment of external auditors and fix their related audit fees; and
- Initiate a Board self-evaluation program and follow-up action to deal with issues arising and arrange for directors to attend courses, seminars and participate in development programs as the Board judges appropriate.

The Board is also mindful of the importance of building a sustainable business and, therefore, takes into consideration the environmental, social and governance impact when developing the corporate strategy of the Group. The Board also ensures that the Group participates and undertakes activities related to corporate social responsibility.

2.4 MATTERS RESERVED FOR THE BOARD

To ensure that the direction and control of the Group are firmly in its hands, the matters reserved for the Board's decision are as follows:

- Approval of business strategies, business plans and other significant business policies;
- Approval of annual budgets, including major capital commitments;
- Approval of new ventures;
- Overview of corporate governance issue;
- Declaration of dividend;
- Review and approve internal audit reports;
- Conflict of interest issues relating to a substantial shareholder or a Director as well as parties connected with them including approving related party transactions;
- Material capital expenditures, acquisitions and disposition of assets not in the ordinary course of business;
- Changes to the management and control structure within the Company and its subsidiaries, including key policies and delegated authority limits;
- Any matters requiring the convening of a general meeting of shareholders; and
- Any other issues which may be required by the laws or the governing authorities or decided by the Board from time to time.

The list of matters reserved for the Board as stated above is not exhaustive and when in doubt regarding a matter/issue, it shall be referred to the Chairperson of the Board ("**Chairperson**").

2.5 AUTHORITY OF THE BOARD

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

The Directors may exercise their authorities and perform their duties on behalf of the Group in managing the Group within the scope and jurisdiction of the Constitution.

(Board Charter – Cont'd)

The Board is the ultimate decision-maker of the Group, except for matters requiring the approval of shareholders of the Company. The Board sets the strategic direction and vision of the Group with the express assistance of Management of the Group. The Board is fully responsible for its duties of leading, governing, and monitoring the performance of the Group and ensuring management is able to execute its functions effectively.

2.6 SEPARATION OF FUNCTIONS BETWEEN THE CHAIRPERSON AND CHIEF EXECUTIVE OFFICER (“CEO”)

The Board shall be under the leadership of the Chairperson, who is elected by the Board. The Chairperson and the CEO shall be two separate persons to ensure separation of power. This is to ensure that the roles and responsibilities are separate and distinct, where possible.

The Chairperson should not be a member of the Audit and Risk Management Committee (“**ARMC**”), Nomination Committee (“**NC**”) or Remuneration Committee (“**RC**”) in line with the recommendation of the MCGG.

2.7 ROLE OF THE CHAIRPERSON

The Chairperson is elected by the Board and will preside at all Board meetings and general meetings of the Company. The Chairperson of the Board will ensure that procedural rules are followed in the conduct of meetings and that decisions made are formally recorded and adopted.

The Chairperson of the Board carries out a leadership role in the conduct of the Board, and the primary responsibilities of the Chairperson are, amongst others, as follows:

- To lead the Board in the adoption and implementation of good corporate governance practices in the Company as well to lead the Board to perform its responsibility effectively in all aspects of the Board’s role;
- To set the agenda for the Board meetings in consultation with the Company Secretary, Board members and senior management, and ensure efficient and effective conduct of the Board meetings;
- To chair the Board and shareholders’ meetings;
- To ensure the efficient organisation and conduct of the Board’s function and meetings;
- To facilitate the effective contribution of all Directors at Board meetings;
- To promote constructive and respectful relations for all Board members and also amongst Management;
- To ensure effective communication with shareholders and relevant stakeholders; and
- To seek appropriate professional advice at the expense of the Company when he/she considers it necessary in the furtherance of his/her duties.

(Board Charter – Cont'd)

2.8 ROLE OF THE CEO

The CEO holds the primary executive responsibility for the Group's business performance and manages the Group following the strategies and policies approved by the Board.

He is responsible for the day-to-day operations of the Group within the authorities as delegated by the Board. The primary job tasks for the CEO, amongst others, are as follows:

- to focus on the business and leads the Management of the Group in making and implementing the day-to-day decisions on the business operations, managing resources and risks in pursuing the corporate objectives of the Group;
- to develop and implement corporate strategies for the Group;
- to ensure the efficiency and effectiveness of the Group's operations;
- to assess the business opportunities which have potential benefit to the Group;
- to implement the policies, strategies and decisions adopted by the Board;
- to bring material and other relevant matters to the attention of the Board in an accurate and timely manner; and
- to carry out other duties and responsibilities as may be delegated by the Board.

In the absence of the CEO, any of the Executive Directors who is fully acquainted with the running of the Group's day-to-day affairs shall be the person directly responsible for the overall running of the Group.

2.9 ROLE OF THE EXECUTIVE DIRECTORS

The Executive Directors are involved in leadership roles overseeing the day-to-day operations and management within their specific areas of expertise or assigned responsibilities. They are also responsible for the implementation of strategic plans and policies set by the Board and for assisting CEO in discharging his duties. They represent the Group at the highest level and are decision-makers on matters within their scope. They frequently liaise with the CEO and with each other to lead the management in driving the Group forward.

2.10 ROLE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Independent Non-Executive Directors are independent from the management and free from any business or other relationship with the Group. Hence, they are able to provide an unfettered and unbiased independent judgement and to promote good corporate governance in their role as Independent Non-Executive Directors.

Their various roles in the Board Committees also contribute towards the enhancement of corporate governance and controls within the Group.

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 inform the Chairperson immediately if he/she believes they may no longer be independent.

(Board Charter – Cont'd)

Each Independent Non-Executive Director must immediately disclose to the Chairperson (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.

The Board has adopted a definition of independence, setting out the interests and relationships to be considered by the Board in assessing the independence of each director following Rule 1.01 of the Listing Requirements.

The role of the Independent Non-Executive Director is to constructively challenge and help develop proposals on strategy, including, inter alia:

- to make an independent assessment of the information, reports or statements, having regard to the directors' knowledge, experience and competence; to provide an independent view and demonstrate objectivity in reviewing and challenging the Management's proposals at meetings;
- to bring impartiality and scrutiny to Board's deliberations and decision-making, and also serve to stimulate and constructively challenge the senior management's proposals in an objective manner;
- to devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes, to keep abreast of industry issues, market development and trends, and enable them to sustain their active participation in board deliberations; and
- to 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.

2.11 BOARD COMMITTEES

Board Committees will observe the same rules of conduct and procedure as the Board unless the Board determines otherwise in a separate terms of reference. Board Committees will only speak or act for the Board when so authorised.

The Board has established the following Board Committees, each with clearly defined terms of reference detailing the Board Committees' authorities, roles and responsibilities in order to enhance business and corporate efficiency and effectiveness:

- i) ARMC;
- ii) RC; and
- iii) NC.

(Board Charter – Cont'd)

Each Board Committee has its own terms of reference approved by the Board and are periodically reviewed by the Board. The Chairperson of the relevant Board Committees will report to the Board on the key issues deliberated by the Board Committees at the Board meetings. The Board Committees will also make recommendations to the Board, who is ultimately responsible for all the decisions.

2.12 TENURE OF DIRECTORS

Pursuant to the Constitution, one-third (1/3) of the directors for the time being, or, if their number is not three (3) or a multiple of three, the number nearest to one-third (1/3) shall retire from office, and an election of directors shall take place at each annual general meeting of the Company. Each director shall retire once every three (3) years but shall be eligible for re-election.

The directors to retire every year shall be those who have been in office longest since their last election, but as between persons who became directors on the same day, those to retire (unless they otherwise agree among themselves) will be determined by lot.

Any director appointed by the Board during the financial year shall hold office only until the next annual general meeting of the Company 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 tenure of the Executive Directors is tied to their executive office.

The independence of each director is reviewed at least annually, and individual directors do not participate in assessing their independence.

The tenure of an Independent Non-Executive Director shall not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Non-Executive Director may continue to serve on the Board as a Non-Independent Non-Executive Director.

In the event the Board intends to retain an Independent Non-Executive Director beyond nine (9) years, it should be subjected to the following:

- (a) annual assessment by the NC and the Board, regarding the independence and contributions, and such assessment to be disclosed to the shareholders for them to make an informed decision; and
- (b) annual shareholders' approval in a general meeting through a two-tier voting process with strong justifications on the recommendation.

The tenure of an Independent Director should not exceed a cumulative term of twelve (12) years.

3.0 BOARDROOM DIVERSITY POLICY

This Policy pursues the recording, more formally, of the Company's policy on board diversity and the recognition of the recommendation of the MCGG.

(Board Charter – Cont'd)

The Board is committed to maintaining an environment of respect for people regardless of their gender in all business dealings and achieving a workplace environment free of harassment and discrimination on the basis of gender, physical or mental state, ethnicity, nationality, religion, age or family status. The same principle is applied to the selection of potential candidates for appointment to the Board.

The Board acknowledges the importance of promoting gender diversity, and the normal selection criteria based on an effective blend of competencies, skills, extensive experience, and knowledge to strengthen the Board should be a priority. Other than Listing Requirements, the Company does not set any specific target for female directors in the Gender Diversity Policy and will actively work towards having more female directors on the Board.

Selection of candidates will be based on a range of diverse perspectives, including but not limited to professional experiences, business experiences, skills, knowledge, gender, age, ethnicity and educational background. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Board's composition (including gender, ethnicity and age) will be disclosed in the Company's Annual Report.

Scope & Policies

The Board considers that the concept of diversity incorporates a number of different aspects, such as professional experiences, business experiences, skills, knowledge, gender and educational background.

(a) Board Mix

The Board shall include a balanced composition of Executive and Independent Non-Executive Directors to promote a strong element of independence in the Board. The Independent Non-Executive Directors shall be of sufficient calibre and standing for their views to carry weight.

(b) Skills and Experience

The Board shall possess a balance of appropriate skills for the requirements of the Group's business. The Directors shall have a mix of financial, legal, management and other backgrounds which, when working in synergy, could provide the Group with considerable experience in a wide range of activities.

(c) Gender

The Board recognises that diversity in the Board as well as the Group's workforce is crucial in maintaining a sound corporate governance, setting business strategy, among others. The Board is supportive of boardroom gender diversity; hence, the Board shall ensure it comprises at least one (1) woman director and the Company endeavour to have at least 30% women directors as recommended by the MCCG.

(Board Charter – Cont'd)

4.0 APPOINTMENT AND RE-ELECTION

The NC shall identify candidates with appropriate skills, experience, knowledge, and expertise to discharge its mandate effectively and maintain the necessary mix of expertise for the Board's approval. The NC shall be guided by the Fit & Proper Policy during their review and assessment of candidates who are to be appointed to the Board as well as Directors who are seeking election or re-election.

In making the recommendation to the Board, the NC will consider the required mix of skills, experience, character, integrity, competence, time commitment and diversity, where appropriate, which the Director brings to the Board.

New Directors are expected to have such expertise to qualify them to make a positive contribution to the Board's performance of its duties and to devote sufficient time and attention to the affairs of the Group.

The Company Secretary shall have the responsibility of ensuring that relevant procedures relating to the appointments of new directors are properly executed.

Upon appointment, new Directors are provided with comprehensive information on the Group to enable them to gain a better understanding of the Group's strategies and operations, and hence allow them to contribute to the Board effectively.

In the event of any vacancy in the Board resulting in non-compliance with the Listing Requirements, the Company must fill the vacancy within three (3) months.

5.0 DISQUALIFICATION OR VACATION OF OFFICE

The office of Directors shall ipso facto become vacant if the Director:

- ceases to be a Director by virtue of the Act;
- if (not being the CEO holding office as such for a fixed term) he resigns his office by notice in writing under his hand sent to or left at the Office;
- if he is absent from more than fifty per cent (50%) of the total Board meetings held during a financial year;
- if he is removed from his office of Director by resolution of the Company in the general meeting of which special notice has been given;
- if he becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the Mental Health Act 2001; or
- if he becomes prohibited or disqualified from being a Director by reason of any order made under the provisions of the Act or the Listing Requirements or contravenes the Act.

6.0 TIME COMMITMENT FOR ACCEPTING NEW DIRECTORSHIP

The Board members are required to notify the Chairperson before accepting any new directorship and to indicate the time expected to be spent on the new appointment. The directorships held by any Board member at any time shall not exceed five (5) listed corporations in Malaysia.

(Board Charter – Cont'd)

7.0 DIRECTORS' TRAINING

All newly appointed Directors are required to complete the Mandatory Accreditation Programme required under the Listing Requirements.

The Directors shall be regularly updated by the Company Secretary, the External Auditors or the Internal Auditors on new statutory, corporate and regulatory developments relating to directors' duties and responsibilities or the discharge of their duties as directors of the Company.

The Board should continue to evaluate and determine the training needs of each Director, particularly on relevant new laws and regulations and essential practices for effective corporate governance and risk management to enable the Directors to effectively discharge their duties.

8.0 COMPANY SECRETARY

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.

The key responsibilities of the Company Secretary include:

- (a) manages all Board and Board Committees meeting logistics, notices and agendas, attends and records minutes of all Board and Board Committees meetings, and facilitates Board communications;
- (b) assist in the communications between the Board and the Management as well as advises the Board on its roles and responsibilities;
- (c) facilitates the orientation of new Directors and assists in Directors' training and development;
- (d) advises the Board on corporate disclosures and compliance with company and securities regulations, and Listing Requirements;
- (e) manages processes pertaining to the shareholders' meetings;
- (f) monitors corporate governance developments and assists the Board in applying governance practices to meet the Board's needs and stakeholders' expectations; and
- (g) serves as a focal point for stakeholders' communication and engagement on corporate governance issues.

9.0 ACCESS TO ADVICE AND SERVICES OF THE COMPANY SECRETARY

Directors and the Board as a whole shall also have unlimited access to advice and services of the Company Secretary. They may request information and documents relating to the Company from the Company Secretary to facilitate their work duties as Directors.

(Board Charter – Cont'd)

10.0 BOARD MEETINGS AND PROCEDURES

10.1 BOARD MEETINGS

- a) The Board shall meet at least four (4) times in a financial year, although additional meetings may be called at any time at the Chairperson's discretion.
- b) The quorum of the Board meeting shall be two (2) and a meeting of Directors for the time being at which a quorum present shall be competent to exercise all or any of the powers, authorities and discretions by or under the Constitution vested in or exercisable by the Directors generally.
- c) Proceedings of all meetings are minuted and signed by the Chairperson of the meeting. Minutes of all Board meetings are circulated to the directors and approved by the Board at the subsequent meeting.
- d) Actions on all matters arising from any meeting are reported at the following meeting.
- e) The Board may invite external parties such as auditors (both internal and/or external auditors), solicitors or consultants as and when the need arises. Such invited parties may attend part or all of the Board Meetings at the discretion of the Board.
- f) Any Director who has a direct or deemed interest in the subject matter to be deliberated shall abstain from deliberation and voting on the same during the meeting.
- g) In the event the elected Chairperson is not able to attend a meeting, a member of the Board shall be nominated as Chairperson for the meeting. The nominated Chairperson shall be an Independent Non-Executive Director.
- h) The Board meeting may be held and conducted through the telephone or any communication equipment, which allows all persons participating in the meeting to hear each other. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote and be counted in a quorum accordingly.
- i) A resolution in writing, signed or approved by letter, telefax or electronic means by a majority of the directors for the time being entitled to receive notice of a meeting of the Board, shall be as valid and effectual as if it had been passed at a meeting of the directors duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more of the members of the Board. The resolutions are to be recorded in the Company's minutes book kept by the Company Secretary.

10.2 NOTICES OF MEETINGS

- a) Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member at least five (5) working days in advance before the date of the meeting.

(Board Charter – Cont'd)

- b) As a best practice and to allow ample time for directors to study and evaluate the matters to be discussed and subsequently make effective decisions, the Board papers and agenda items shall be circulated at least five (5) working days before the meeting.

10.3 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 Chairperson of the Board shall have the casting one.

11.0 INDEPENDENT PROFESSIONAL ADVICE

In discharging the Directors' duties, each member of the Board is entitled to obtain independent professional advice at the cost of the Company.

Where such advice is considered necessary for the discharging of his duties and responsibilities as Director and, for the benefit of the Company, such Director shall first discuss it with the Chairperson and, having done so, shall be free to proceed, where appropriate.

Subject to the prior approval of the Chairperson / Board, the cost of the advice will be reimbursed by the Company, but the Director will ensure, so far as is practicable, that the cost is reasonable.

12.0 ACCESS TO INFORMATION

The Board should have access to all information of the Group and advice/services of the Company Secretary and Management or employees in the Group promptly for the discharge of its duties effectively.

The Board may, whether as a full Board or in their individual capacity, seek independent professional advice, including the internal and external auditors, at the Company's expense to enable the directors to discharge their duties with adequate knowledge on the matters being deliberated.

The Board acknowledges that confidential information received during the exercise of the Board duties remains the property of the Group, whether it relates to the Group or another entity. It will not be disclosed unless either the Chairperson of the Board has so authorised in writing or disclosure is required by law.

13.0 DIRECTORS' REMUNERATION

The remuneration policy of the Company is based on the philosophy of giving higher weightage to performance-related bonuses. These are entrenched in the remuneration policy for Executive Directors, which is reviewed annually by the RC. The performance of Directors is measured by the Directors' contribution and commitment to both the Board and the Group. The Executive Directors' remuneration will depend on the performance of the Group.

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In the case of Independent Non-Executive Directors, the level of remuneration reflects the contribution and level of responsibilities undertaken by the Independent Non-Executive Director.

The Board will determine the level of remuneration for each Board member, taking into consideration the recommendations of the RC.

The Directors concerned shall abstain from voting or discussing their own remuneration.

14.0 CODE OF CONDUCT AND ETHICS

The Directors are to maintain the highest degree of integrity and professionalism while at the same time promoting transparency and accountability in their actions.

The Company has in place a “*Code of Conduct and Ethics*” which is formulated to enhance the standard of corporate governance and behaviour through:

- a) Establishing standards of ethical conduct for Directors based on acceptable beliefs and values;
- b) Upholding the spirit of social responsibility and accountability in line with the legislations, regulations and guidelines governing the Group; and
- c) Documenting and emphasising to the Directors the integral obligation of each Director in performing his/her duty to act in a manner that is lawful, honest, ethical and free from any conflict of interest or perceived conflict of interest.

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 therefrom.

Should there be an actual, potential or perceived conflict of interest between the Group and a Director or an associate of a Director, such as a spouse, other family member(s) or a related company (as defined under Section 197(1) of CA), the Director involved shall make full disclosure and act honestly in the best interest of the Group in the following proposed manner:

- a) the Director shall immediately inform the ARMC in respect of his/her direct and indirect interests in any businesses or corporations which carry on similar trade as that of the Group; and
- b) every Director shall comply with the provisions of Sections 219 and 221 of the CA in connection with the disclosure of his/her shareholdings and interests in the Company and his/her interest in any contract or proposed contract with the Group 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 in connection with his/her duties or interests which might be in conflict with his duty or interest as a Director.

(Board Charter – Cont'd)

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

15.0 WHISTLE BLOWING POLICY

The Company has in place a “*Whistle Blowing Policy*” to manage improper conduct on the part of the Directors, if any. This policy covers areas from lodging of reports to investigation and corrective actions that are required to be taken. The Whistleblowing Policy shall be read in conjunction with the anti-bribery and corruption policy.

A director’s improper conduct is generally described as any conduct by a director which, if proven, constitutes a criminal offence or any conduct that constitutes wrongdoing or malpractice and may include any of the following:

- The breach of any law, regulation or rule that is applicable to the Group. For example, a breach of insider trading laws;
- Any criminal act, including criminal breach of trust, extortion and sabotage;
- Any act that is likely to cause significant financial loss or costs to the Group, including any intentional misrepresentation of the Group’s financial statements;
- Any other action that would cause significant harm to the Group or to any person(s); and
- The deliberate concealment of information concerning any of the matters listed above.

The Board has overall responsibility for this policy and shall oversee its implementation.

16.0 RELATIONSHIP WITH SHAREHOLDERS AND STAKEHOLDERS

The Board will maintain an effective communications policy that enables both the Board and Management to communicate effectively with shareholders and the general public.

The Board will ensure that the General Meetings of the Company are conducted in an efficient manner and serve as a mode of shareholders’ communication. These include the provision of comprehensive and timely information to shareholders and the encouragement of active participation in general meetings.

The methods of communication engaged by the Company are, amongst others, as follows:

- a) timely announcements and disclosures made to Bursa Securities;
- b) the Company’s website, www.semico.com.my provides easy access to the corporate information pertaining to the Group and its activities, which is updated as and when necessary.

The Chairperson encourages active participation of the shareholders during general meetings and provides reasonable time for discussion at general meetings.

The Annual General Meeting (“AGM”) is the principal forum for communication with shareholders. In accordance with the Companies Act 2016, notice of the Annual General Meeting (“AGM”) and the accompanying Annual Report will be sent to shareholders at least twenty-one (21) days before the date of the AGM.

However, in line with the MCCG, the Company aims to provide shareholders with a longer notice period of twenty-eight (28) days to facilitate adequate time for review and preparation.

(Board Charter – Cont'd)

Shareholders are encouraged to participate in the AGM and to exercise their voting rights.

17.0 ACCOUNTABILITY AND AUDIT

17.1 FINANCIAL REPORTING

The Board aims to present a clear and balanced assessment of the Group's financial position and prospects that extends to the annual and quarterly reports.

The Board ensures that the annual and interim financial statements are prepared so as to give a true and fair view of the current financial status of the Group following the approved accounting standards. The ARMC plays an important role in ensuring the Group's financial statement is a reliable source of financial information and ensures compliance with the applicable financial reporting standards before recommending the Group's financial statements to the Board.

17.2 EXTERNAL AUDITORS

The Board has established formal and transparent arrangements for considering how financial reporting and internal control principles will be applied and for maintaining an appropriate relationship with the External Auditor of the Company ("**External Auditor**") through the ARMC.

The ARMC also keeps under review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the External Auditor. The Audit Committee ensures that the External Auditor do not provide a substantial amount of non-audit services to the Company. Requirement for non-audit services to be approved by the ARMC before they are rendered by the External Auditor and its affiliates while taking into account the nature and extent of the non-audit services and the appropriateness of the level of fees

Appointment of the External Auditors is subject to the approval of shareholders at the general meeting. The External Auditor has to retire during the AGM every year and be subject to re-appointment by the shareholders of the Company for the ensuing year.

18. CONFIDENTIALITY AND DISCLOSURE OF INTENT

The Directors are required to act in the best interest of the Group. The Directors also have a duty of confidentiality to the Group's confidential information.

A Director should disclose to the Board:

- Any material personal interest they have in matters which relate to the affairs of the Group; and
- Any other interest (direct or indirect) that the Director believes is appropriate to disclose to avoid any conflict of interest or the perception of a conflict of interest.

(Board Charter – Cont'd)

The disclosure should be made as soon as possible after the Director becomes aware of their interest. Details of the disclosure must be recorded in the minutes of the meeting at which the disclosure is made or the meeting held following the disclosure.

Where a potential conflict arises in any transaction involving any Director's interest, such Director shall abstain from discussion and the decision-making process.

19. REVIEW OF BOARD CHARTER

Where necessary, the Board Charter will be reviewed and updated by the Board to ensure its relevance in assisting the Board to discharge its duties with the changes in the corporate laws and regulations that may arise from time to time and to remain consistent with the Board's objectives and responsibilities.

This Board Charter was reviewed and approved by the Board on 21 May 2025.

END.