

# CSC STEEL HOLDINGS BERHAD

(Registration No.:200401001854 (640357-X))

## **BOARD CHARTER**

### **1. INTRODUCTION**

The Board Charter sets out the principal functions, authority, composition, roles and responsibilities of the Board of Directors of CSC Steel Holdings Berhad (“CHB” or “Company”) to assist the Board members to be aware of their duties and responsibilities.

### **2. PRINCIPAL RESPONSIBILITIES OF BOARD**

With reference to the Practices and Guidance of the Malaysian Code on Corporate Governance, the Board of Directors has the following responsibilities:-

#### **2.1 Business Performance**

- Reviewing and approving major business plans of the Group which are more than 5% of the Group’s NTA and direction of the Company;
- Overseeing and evaluating overall performance of the Company and the Group;
- Ensuring that the strategic plan of the company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- Evaluating and approving major capital expenditures and all major corporate transactions;
- Ensuring that senior management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of board and senior management.

#### **2.2 Risk Management and Internal Control System**

- Reviewing the principal risks of the Group and to ensure the implementation of appropriate internal control and risk management system;
- Setting the risk appetite within which the board expects management to operate.

#### **2.3 Integrity of Financial Reporting**

- Reviewing the adequacy and the integrity of the management information and internal controls system of the Group;
- Ensuring regulatory compliance with applicable laws, regulations, rules, directives and guidelines.

#### **2.4 Corporate Governance**

- Together with senior management, promoting good corporate governance culture within the company which reinforces ethical, prudent and professional behaviour;

- Ensuring that the company has in place procedures to enable effective communication with stakeholders.

## **2.5 Sustainability**

- Ensuring that sustainability considerations such as environmental, social and governance (ESG) aspects are integrated in corporate strategy, governance and decision-making and including setting the Group's sustainability strategy, priorities and targets.
- Reviewing the key strategies of the Group, ensuring effective measures to anticipate and address material ESG risks and opportunities that would build up the confidence of their internal and external stakeholders in the long-term.
- To stay abreast with and understand the sustainability issues relevant to the Group and its business.

## **3. ROLES OF CHAIRMAN, GROUP MANAGING DIRECTOR (“GMD”), SENIOR INDEPENDENT DIRECTOR (“SID”) AND INDIVIDUAL DIRECTORS**

The Board does not have a Chairman on its Board and the chairman of the Board meeting is elected among the board members appointed to chair the meeting on every Board of Directors' Meeting. The Chairman of Board committees shall not be elected to chair the Board meeting.

The key duties and responsibilities of GMD are as follows:

- Developing the strategic direction of the Group, with consultation and approval of the Board;
- Ensuring the effective implementation of the Group's business plans and policies to achieve the corporate objectives;
- Overseeing the day-to-day running of the business and executing the board's instructions;
- Monitoring performance results against business plans; and
- Ensuring compliance with governmental procedures and regulations as well as good governance practices.

The key duties and responsibilities of the SID are, among other, to act as:

- a sounding board for the Chairman;
- an intermediary for other directors when necessary; and
- the point of contact for shareholders and other stakeholders.

The key duties and responsibilities of Individual Directors include:

- Acting in good faith at all times in line with the Group's interests;
- Exercising power for a proper purpose;
- Exercising reasonable care, skill and diligence with the knowledge, skill and experience which may reasonably be expected of a director having the same responsibilities and additional knowledge, skill and experience which the director in fact has.
- Must act with integrity, lead by example, keep abreast of his responsibilities as a director and of the conduct, business activities and development of the Group.

## 4. BOARD COMPOSITION

### 4.1 Number of Directors and Composition

The Board determines the Board size and composition, subject to limits imposed by the Company's Constitution. The Constitution provides for a minimum of two (2) directors and a maximum of nine (9).

The Board through the Nominating Committee shall review the size and composition of the Board and Board Committees, which include the skill sets, experience and functional knowledge of its members annually, to ensure an appropriate balance of skills, experience and diversity. A diverse board, regardless of gender, age and cultural background, is expected to enhance the decision-making process and the Board, with the assistance from the Nominating Committee, has adopted a Diversity Policy as to achieve the commitment set by the Board, especially the participation of women directors in the Board.

However, no active politicians shall be appointed to serve on the Board.

### 4.2 Independent and Make-up

The Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa") stipulates that at least one-third (1/3) or at least two (2) Directors of the Board of Directors of a listed issuer, whichever is higher, must be independent directors. The Board shall comply with the Bursa's MMLR as may be amended from time to time in respect of the composition of the Board.

In the event of any vacancy in the board of directors, resulting in non-compliance with the paragraph above, the vacancy must be filled within three (3) months.

### 4.3 Tenure of Independent Directors

Upon completion of the nine (9) years, an independent director may continue to serve on the Board subject to that director's re-designation as a non-independent director. However, the Board may retain as an independent director, a person who has served in that capacity for more than nine (9) years provided shareholders' approval through a two-tier voting process has been obtained. The tenure limit for independent directors shall be twelfth (12) years, after which no further extension is allowed and if the service of the director is still required, the designation of the director shall be changed to non-independent director.

### 4.4 Appointments and Re-election to the Board

The Constitution of the Company provides that all directors, including the GMD, shall retire from office at least once every three (3) years and all retiring directors shall be eligible for re-election at the annual general meeting ("AGM") in which they retire. A retiring director shall remain in office until the close of the meeting at which he retires.

The Constitution further provide that directors who are appointed by the Board during the financial period before an AGM are subject to retirement and shall be eligible for re-election by the shareholders at the forthcoming AGM of the Company to be held following the new

directors' appointment.

#### **4.5 Roles of Board Committees**

The Board has established the following committees which shall be operated under clearly defined terms of reference ("TOR") which are made available on the Company's website at [www.cscmalaysia.com](http://www.cscmalaysia.com)

1. Audit Committee; and
2. Nominating Committee.

Apart from the above Board Committees, the Board may from time to time establish other Board Committees to assist the Board in discharging its responsibilities more effectively. However, the Board shall not abdicate its responsibility by delegating matters to the Board Committees that would significantly hinder or reduce the Board's effectiveness and functions.

The Chairman of the respective Committees has an obligation to report and update the Board on their deliberations, findings and recommendations.

##### **4.5.1 Audit Committee ("AC")**

The main purpose of AC is to assist the Board in fulfilling its responsibilities relating to accounting and reporting practices of the Group.

AC shall collectively discharge the following functions:

1. Review and report the Group's financial statements to the Board for the Board's amendment and approval;
2. Determine whether management has implemented policies ensuring the Group's risks are identified and evaluated and that internal controls in place are adequate and effective to address the risks.
3. Recommend the appointment, re-appointment and removal of a person or persons as external auditors.
4. Report promptly to the Bursa where the Committee is of the view that a matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the Listing Requirements.

The details TOR is published on the Company's website at [www.cscmalaysia.com](http://www.cscmalaysia.com)

##### **4.5.2 Nominating Committee ("NC")**

The role of NC is to ensure that the Group recruits, retains, trains and develops the best available executive and non-executive directors and manage board renewal and succession effectively. The NC is also required to evaluate the effectiveness of the Board as a whole, the various committees of the Board and to assess the contribution of each individual director to the effectiveness of the Board's decision-making process on an annual basis.

The Board has entrusted NC with the responsibility for carrying out the annual Board Effectiveness Evaluation.

The Board's effectiveness is assessed in the areas of composition, administration, accountability and responsibility, conduct and the performance of the Chairman and GMD.

The Directors' Self and Peer Assessment is intended to evaluate the mix of skills, experience and other relevant qualities the Directors bring to the Board, and takes into account the individual director's ability to exercise independent judgment at all times and to contribute the effective functioning of the Board includes a review of the performance of the Board in addressing the Group's material sustainability risks and opportunities.

The Self and Peer Assessment process also examines the ability of each Board or Committee member to give material input at meetings and to demonstrate a high level of professionalism and integrity in the decision-making process.

NC also reviews the term of office and performance of the Committee and each of its members annually to determine whether such Committee and members have carried out their duties in accordance with their terms of reference.

## **5. DIRECTOR'S TRAINING**

The Board acknowledges that continuous training for Directors is important but does not pre-determine formal training programme for the Directors, each of them is aware of the need to continually undergo training appropriate to their needs in line with Paragraph 15.08 (3) of Bursa's MMLR, which is including the completion of Mandatory Accreditation Programme (MAP). The Nominating Committee has been tasked to review the training programme for the Board,

## **6. BOARD MEETINGS**

### **6.1 Proceeding**

The Board may meet together for the dispatch of business, adjourn and otherwise regulate their meetings as they think fit. A Director may, whenever he thinks fit, and the Secretary shall on his requisition summon a meeting of the Directors.

### **6.2 Notice of Meeting**

Prior to the convening of a Board meeting, the notice and agenda for that Board meeting is transmitted to each Board member at least seven (7) days in advance of the meeting, followed shortly with soft copies of the relevant Board Papers.

The Board Papers contain information pertinent to the matters to be deliberated at the coming meeting and any other details or information the Directors may additionally require on the agenda items, would be furnished upon request.

### **6.3 Quorum for Board Meeting**

Under the Constitution of the Company, the quorum for the Board meeting shall be two (2) members.

### **6.4 Frequency of Meeting**

The Board meets on a quarterly basis where one of the key agenda is to review and approve the quarterly results of the Group prior to its release to the public. Additional ad-hoc meetings may be called should the need arise.

### **6.5 Meeting Mode**

The Directors may participate at a Board Meeting or any Board Committee meeting by conference telephone, video, electronic or such other communication facilities which would permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously. The physical presence of Director(s) is not compulsory and participation at such Board Meeting in the aforesaid manner shall be deemed to constitute presence in person at such meeting. The Directors participating at any such Board Meeting shall be counted in the quorum for such meeting. All resolutions agreed upon by the Directors at such a meeting shall be deemed to be as effective as a resolution passed at a meeting in person of the Directors duly convened and held. All information and documents must be made equally available to all participants prior to, at or during the Board Meeting. The participation in a meeting by means of a conference telephone or similar electronic telecommunication device shall be treated with confidence, and he/she shall prevent any leakage of information/materials to any third party.

### **6.6 Minutes**

The minutes shall record the proceedings of the meeting, pertinent issues, inquiries or responses, members' suggestions and the decisions made, including whether or not any Director has abstained from voting or deliberating on a particular matter, as well as the rationale behind those decisions. Minutes of meeting shall be circulated to all members of the Board in a timely manner.

All members of the Board shall ensure that the minutes of meetings accurately reflect the deliberations and decisions of the Board, including any dissenting views and if any director had abstained from voting or deliberating on a particular matter

## **7. COMPANY SECRETARY**

The Board is assisted by a professionally qualified and competent Company Secretary. The Company Secretary undertakes continuous professional development to keep abreast of relevant corporate governance and regulatory requirements. The roles of the Company Secretary are:-

1. advising the Board and its Committees on all secretarial matters of the Company, in particular the compliance with Bursa's MMLR, laws, rules, procedures and regulations affecting the Company and the Group;
2. preparing meeting agenda and documents required for the shareholders' meetings;

3. releasing the announcements and submitting the annual financial statements and annual reports to Bursa on timely manner;
4. facilitating the orientation of new directors and recommending available training programmes for the Directors to attend; and
5. serving as a focal point for stakeholders' communication and engagement on corporate governance issues.

## **8. ACCESS TO INFORMATION AND INDEPENDENT ADVICE**

Every director has the right to the resources, whenever necessary and reasonable for the performance of his/her duties, at the cost of the Group and in accordance with a procedure to be determined by the board of directors, including but not limited to

- obtaining full and unrestricted access to any information pertaining to the Group;
- obtaining full and unrestricted access to the advice and services of the company secretary; and
- obtaining independent professional or other advice.

## **9. MATTERS RESERVED FOR THE BOARD**

The Board is responsible for the proper stewardship of the Group to provide reasonable assurance for the success of the Group on sustainable manner. The Board is tasked with realisation of long term and sustainable shareholders' value and safeguarding the interests of stakeholders.

## **10. CONFLICT OF INTEREST AND TRANSACTION INVOLVING DIRECTORS**

Conflict arising from the interest (direct or indirect) of a director, member or major shareholder or person connected with such director, member or major shareholder in a transaction proposed to be entered into or action/decision to be taken by the Company or its subsidiaries.

Where a Director has an interest (direct or indirect) in a transaction proposed to be entered into or action/decision to be taken by the Company and its subsidiaries, he/she may be biased in making the commercial or regulatory decision which could be to the detriment of the Company or its subsidiaries.

Directors can be regarded as having a conflict of interest where the Company, he/she is associated with derives an advantage from him/her being a Director. Therefore, a Director is required at all times to declare such conflict and if so required by the Board, to withdraw from any voting of deliberation of a matter in which the Director or member may have an interest.

The Listing Requirements of Bursa Securities further provides that a Director with any interest, direct or indirect, must abstain from board deliberation and voting on the relevant resolution in respect of the related party transaction.

## **11. CORPORATE ETHICS**

The Group is committed in maintaining the highest standards of business ethics. The Code of Conduct serves as a guideline for all the employees to ensure the highest level of transparency and accountability within the organization and in our dealings with external parties.

### **11.1 Standard Ethical Codes of Conduct for Directors of the Company**

These standards have been especially established in order to promote honest and ethical conduct on the part of directors as well as to establish sound corporate governance.

In the execution of their duties, the directors should have as their objective the pursuit of the Company's overall benefit, and must not damage Company's rights and interests for the benefit of a specific individual or specific group; moreover, when executing their duties, they should treat all stakeholders fairly. Directors should faithfully execute their duties in the interests of the Company. Director shall bear the obligation to preserve the confidentiality of the Company's secret information, except when publication is authorized or required by law, and they must not use said secret information to seek personal gain for themselves or third parties.

Directors should act in the best interests of the Company, and should respect the interests of its stakeholders including relationship with banks, creditors, employees, consumers, suppliers, subsidiary companies and the community. Directors should also observe laws concerning insider trading and other securities law concerning equity trading and the handling of confidential business information; such personnel who are in possession of important unpublished information must not engage in related securities trading.

## **12. ANTI-BRIBERY, CORRUPTION AND WHISTLEBLOWING POLICY**

The Group has in place "Anti-Bribery, Corruption and Whistleblowing Policy ("the Policy") to manage improper conduct among all employees including Senior Management and Directors.

The Group, led by the Board applies zero tolerance on all forms of bribery and corruption regardless of public or private sectors and strives to be in full compliance with laws and regulations.

Reporting in good faith on bribery and corruption is encouraged by the Board and should be done via the Whistleblowing channel, in which the whistleblower can contact any member of the Whistleblowing Committee through phone or email.

The Board has overall responsibility for the Policy and shall oversee the implementation of the Policy.

## **13. RISK MANAGEMENT**

The Board recognises that an important element of a sound system of internal control is to have in place an appropriate risk management framework for identifying, evaluating and managing significant financial and non-financial risks faced by the Group systematically during the financial year under review.

On the strategic level, strategic business strategies are formulated by Managing Director and Senior Management and presented to the Board for

review to ensure proposed strategies are in line with the Group's risk appetite with update of the implementation progress of the strategies approved being presented by the Senior Management in subsequent Board's meetings for the Board to follow-up and review.

On the daily basis, the respective Heads of Department are responsible for managing the risk of their department. Changes in the key business risks faced by the Group or emergence of new key business risks and the corresponding internal controls are discussed during management meetings.

#### **14. GENERAL MEETINGS**

General meeting ("GM") is an important platform for all Directors and key senior executives to attend and engage shareholders to facilitate greater understanding of the Group's business, governance and performance. The Board shall ensure that the Chairman of Board Committees is present to address the questions raised by the shareholders during the GM. If the Chairman of Board Committees is unable to attend the GM, he/she shall appoint a representative to address the questions from the shareholders.

The Company should leverage technology to facilitate greater shareholder's participation and enhance the proceedings of general meetings.

The Chairman should ensure that general meetings support meaningful engagement between the Board, senior management and shareholders including discussion on the company's financial and non-financial performance as well as the Group's long-term strategies.

The Chairman shall respond to shareholders' queries during the meeting and all the questions should receive a meaningful response.

The minutes of the general meeting will be available for the shareholders no later than 30 business days after the general meeting.

#### **15. ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") APPROACH**

The Group is a good and reputable corporate who takes great pride and diligence in preserving and sustaining the interest of stakeholders by integrating the ESG aspects into its day-to-day operation and business activities, which is including proactively consider sustainability issues when it oversees the planning, performance and long-term strategy of the Group, as to ensure the Group remains resilient and able to deliver durable and sustainable value as well as maintain the confidence of its stakeholders.

The Group's ESG Report is available at [www.cscmalaysia.com](http://www.cscmalaysia.com) on yearly basis.

#### **16. REVIEW OF BOARD CHARTER**

The Board Charter will be reviewed at least once every two (2) years and make necessary amendment as it deems appropriate.