

SEAL INCORPORATED BERHAD (4887-M)

BOARD CHARTER

1. INTRODUCTION

The Board of Directors ("Board") of Seal Incorporated Berhad ("SEAL" or "the Company") is responsible for the success of SEAL's business and unreservedly committed to applying the principles necessary to ensure that good governance is practiced in all its business dealings in respect of its shareholders and relevant stakeholders.

The Board Charter sets out the composition, roles and responsibilities and processes of the Board.

The conduct of the Board is also governed by the Articles of Association of the Company.

2. OBJECTIVES

The objectives of this Board Charter are to ensure that all Board members acting on behalf of the Company, are aware of their fiduciary duties and responsibilities as Board members and the various legislations and regulations affecting their conduct and that the highest standards of good Corporate Governance are applied in all their dealings in respect, and on behalf of, the Company.

The Board Charter is also intended to provide a concise overview of:

1. the corporate statement, a strategic guidance and effective oversight of management;
2. clarification of the roles and responsibilities of the Board, individual director, chairman and management to facilitate the Board, individual director, chairman and management's accountability to the Company and its shareholders;
3. delegation of authority by the Board to various committees established in assisting the Board to execute its duties and responsibilities; and
4. Board operating procedures and practices pertaining to meetings, trainings and developments, code of conduct and declarations on conflicts of interest.

3. CORPORATE STATEMENT

3.1 Corporate Vision

- To be successful in an enduring business environment, achieving results with exemplary leadership.

3.2 Corporate Mission

- Emphasising on quality and executing total quality control through all business stages thus ensuring customers' satisfaction.
- Maintaining efficiency through effective cost control and profit maximization.
- Providing a safe, conducive and quality working environment.

4. BOARD STRUCTURE

4.1 Size and Composition

- a) The Board shall consist of qualified individuals with appropriate range of skills, experience, background and expertise to enable them to discharge their duties and responsibilities effectively which will add value to the Company.
- b) The Articles of Association specifies that the number of directors shall not be less than five (5) nor more than thirteen (13).
- c) In accordance with the Main Market Listing Requirements ("LR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Company must ensure that at least two (2) directors or one-third (1/3) of the Board, 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 one-third (1/3) must be used.
- d) The basis for the presence of an independent voice on the Board is to ensure that objectivity in decision-making of the Board is achieved and that no single party can dominate such decision-making in the Company.
- e) The Independent Directors provide independent judgment, experience and objectivity without being subordinated to operational considerations. They help to ensure that the interests of all shareholders are indeed taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board.
- f) The tenure of an independent director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the Board subject to the director's re-designation as a non-independent director. Otherwise, the Board must provide justifications to retain the director as an independent director. The Nominating Committee ("NC") undertakes assessment of the independence of the Independent Directors, upon admission, annually and as and when new interest or relationship develops.
- g) On boardroom diversity, the Board will review the appropriate skills, experience and knowledge required of the Board members, in the context of the needs of the Group. The Board will review its composition and size from time to time to ensure its appropriateness.

4.2 Appointments and Re-election

The Board is responsible to determine the appropriate size of the Board and the appointment of new director is a matter for consideration and decision by the Board, upon the recommendation from the Nominating Committee ("NC"). The NC will undertake a thorough and comprehensive evaluation of the candidate based on a set of criteria adopted by the Board and the NC also takes into account the Company's businesses and match the capabilities and contribution expected for a particular appointment.

In addition to the Mandatory Accreditation Programme ("MAP") as required by Bursa Securities, Board members are also encouraged to attend training programmes by professionals and which are relevant to the Company's operations and business. The Board will assess the training needs of the Directors and disclose in Annual Report the trainings attended by the Directors.

In accordance with the Company's Articles of Association, one-third (1/3) or the number nearest to one-third (1/3) shall retire from office at each Annual General Meeting. A retiring Director is eligible for re-appointment. All newly appointed Directors will be subject to retirement at the next Annual General Meeting and is eligible for re-election. All other directors shall retire from office once at least in every three (3) years and is eligible for re-election. The election of each Director is voted separately.

5. ROLES AND RESPONSIBILITIES

5.1 Responsibilities of the Board

- a) Providing leadership to the Company by:
 - Guiding the development of appropriate standards and values for the Company;
 - Understanding shareholders' expectations and contribute to the development of strategies in their best interest and enhance shareholders' value.
- b) Adopting performance measures to monitor implementation and performance of the strategy, policies, plans, legal and fiduciary obligations that affect the business and regularly review and update the Company's strategic direction and goals;
- c) Commitment in governing management and providing oversight of the Company, including the appointment of senior management, the implementation of appropriate policies and procedures that govern management conduct, the monitoring of performance and succession planning;
- d) Ensuring effective risk management, compliance and control systems (including compliance with all relevant laws and regulations) are in place;
- e) Ensuring corporate accountability to the shareholders by promoting better investor relations and shareholders' communication;
- f) Delegating appropriate powers to Chief Executive Officer, Management and Committees to ensure effective day-to-day management and monitoring the exercise of these powers.

5.2 Responsibilities of Individual Director

Directors are accountable to their shareholders and should use their best efforts to ensure that the Company and Group are properly managed and constantly improved so as to protect and enhance shareholders' value, and to meet the Company's obligations to all parties with which the Company interacts.

Their responsibilities include, amongst others, the following:

- a) Directors are appointed to act in the interests of the Company and an important area of their legal responsibilities derives from trust law - the fiduciary duty to act in the interests of the Company, which includes the interests of the shareholders;
- b) Directors are under a duty to exercise reasonable skill and care in the discharge of their functions;
- c) Directors are required to exercise the utmost good faith towards the Company in all their actions and to act honestly in the exercise of the powers and in the discharge of their duties of their offices;
- d) Directors are expected to be actively involved not only in Board meetings but general meetings of shareholders;
- e) Acquiring knowledge about the business of the Company and Group, the statutory and regulatory requirements affecting effective discharge of their duties, and are aware of the physical, political and social environment in which it operates;
- f) Assisting the Chairman in providing the Company and Group with effective leadership; and
- g) Being available to advise management between Board meetings when necessary.

5.3 Responsibilities of Chairman

The Chairman is elected by the Board members to provide leadership at Board level in its oversight of management and ensuring the Board and its Committees function effectively.

Other key roles of the Chairman are to ensure, amongst others:

- a) Facilitate all Board meetings and ensure the appropriate level of interaction among Board members, subsidiary Board members and senior management while all relevant issues on agenda are on Board meetings and Directors are actively participated in the deliberations;

- b) Ensure a balance composition of skills, knowledge and experience within the Board and an effective working, reporting and communication mode;
- c) Ensure that material matters in respect of the business or governance of the Company or the Group are tabled and ventilated effectively for Board decision making and the Board receives necessary information on a timely basis from the Management;
- d) Monitor the performance of the individual and collective roles of the Directors and the Board;
- e) Ensure guidelines and procedures are in place to govern the Board's operations and conduct;
- f) Chairing all shareholders' meetings.

5.4 Responsibilities of Chief Executive Officer ("CEO")

The CEO provides executive leadership and is accountable to the Board for the implementation of the strategies, objectives and decisions of the Board within the framework of delegated authorities, values and policies of the Company. The CEO leads the management team in carrying out the corporate strategy and vision of the Company. He is accountable to the Board for the day-to-day management and operations of the Company's business.

The key roles of the CEO include, among others:

- a) Developing strategic business direction, plans and policies of the Group;
- b) Ensuring the efficiency and effectiveness of the management of the day-to-day business affairs of the Group;
- c) Ensuring that material matters are brought to the attention of the Board in an accurate and timely manner;
- d) Keeping the Board fully informed of all important aspects of the Group's operations and ensuring sufficient information is distributed to the Board members;

5.5 Responsibilities of the Management

The responsibilities of the Management, in general, are:

- a) Developing and proposing for the Board's approval, strategic plan and annual budget for the Company to ensure achievement of the objectives set by the Board;
- b) Communicating to the staff and implementing the strategic plan approved by the Board and any decision of the Board to ensure that the objectives of the Company that were approved by the Board are met;
- c) Running and managing the operations of the Company in a proper manner and in accordance with the Board's approved strategic plan within the authority limit set by the Board;
- d) Setting up of appropriate and effective internal control measures and a risk management framework. Identifying, assessing key risks, managing and monitoring key risks;
- e) Assisting the Board in the establishment of Company or Group's policies by developing such policies for the Board's review and approval for Company and Group's adoption and implementing the approved policies;
- f) Developing effective management information and internal control systems of the Company to ensure that integrity and adequacy of the systems are intact;
- g) Reporting to the Board periodically on the performance of the Group against the approved plan and budget as well as other matters that is under the Board's purview in order to enable the Board to discharge its responsibilities effectively; and
- h) Reporting to the Board on matters that required their decision/approval or of significance to the Company and Group.

5.6 Responsibilities of Board Committees

The Board has set up different Board committees with different functions to assist the Board in discharging its fiduciary duty. These committees do not make decision on behalf of the Board and the Company. It is each committee's duty to review the matter under its purview and make the necessary recommendation to the Board for its consideration and decision making.

Executive Committee

The functions of the Executive Committee shall include the following:

- a) manages the Company in all aspects of its business;
- b) implements strategic business plans and policies which approved by the Board;
- c) identifies, formulates and prioritises strategic issues and provide strategic directions for action by the Management;
- d) review budget, internal control and risk management; and
- e) approve on capital expenditure and debts.

Audit Committee

The functions of the Audit Committee shall include the following:

- (1) review the following and report the same to the Board:
 - (a) with the external auditor, the audit plan;
 - (b) with the external auditor, his evaluation of the system of internal controls;
 - (c) with the external auditor, his audit report, management letter and management's response;
 - (d) the assistance given by the employees of the Company to the external auditor;
 - (e) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
 - (f) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - (g) the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:
 - (i) changes in or implementation of major accounting policy changes;
 - (ii) significant and unusual events; and
 - (iii) compliance with accounting standards and other legal requirements;
 - (h) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - (i) any letter of resignation from the external auditors of the Company; and
 - (j) whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment;
- (2) recommend the nomination of a person or persons as external auditors.

Nominating Committee

The functions of the Nominating Committee are:

- a) to recommend candidates for appointment to the Board;
- b) to facilitate board induction and training programmes to newly appointed Directors;
- c) to oversee appointment, management succession planning and performance evaluation of Key Responsible Persons (other than Directors and Board Committees);
- d) to carry out annual assessment on the effectiveness of the Board and Board Committees as a whole, the contribution, competencies, commitment and performance by each Director;

- e) to facilitate achievement of board gender diversity policies, targets and measures to achieve it;
- f) to carry out the annual assessment of the independence of the Independent Directors.

Remuneration Committee

The functions of the Remuneration Committee are:

- a) to recommend a framework of remuneration for Directors and Key Responsible Persons;
- b) to recommend to the Board the remuneration packages for the Executive Directors in all its forms, drawing from outside advice as necessary. Executive Directors should play no part in decisions on their own remuneration;
- c) to recommend to the Board, the Directors' Fee and remuneration packages to be paid to the Non-Executive Directors, including the Non-Executive Chairman. The individuals concerned should abstain from discussion on their own remuneration;
- d) to review employees' compensation and benefits programme.

6. BOARD PROCESSES

6.1 Board Meetings

- The Directors may meet together for the despatch of business at such time and place, adjourn and otherwise regulate their meetings and proceedings as they think fit. Any Director may at any time and the Secretary shall on the requisition of any of the Directors, summon a meeting of the Directors.
- The Company Secretary will draw up a timetable with the Board for targeted meeting dates for approving quarterly results and audited financial statements.
- The quorum for a Board meeting is two (2) members.
- Proceedings of Board meetings are minuted and circulated to the Directors and confirmed by the Chairman at the subsequent meeting. Directors' Circular Resolutions signed by all the Directors who are at the time present in Malaysia and who are sufficient to form a quorum are as valid and effectual as if the resolutions had been passed at the meeting of the directors. The resolutions are to be recorded in the Company's minutes book kept by the Company Secretary.
- Actions on all matters arising from any meeting are reported at the following meeting.
- 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 Meeting at the discretion of the Board.

6.2 General Meetings

- An Annual General Meeting ("AGM") shall be held once in every calendar year at such time (not being more than fifteen months after the holding of the preceding annual general meeting) and at such place as may be determined by the Directors.
- The Board shall consider serving notices for general meetings longer than the minimum notice period.
- The Board shall encourage putting substantive resolutions to vote by poll and make an announcement of the detailed results showing the number of votes cast for and against each resolution.
- The Chairman shall inform the shareholders of their rights to demand for a poll vote at the commencement of a general meeting.
- The Chairman or Chief Executive Officer shall encourage shareholders' participation and undertake to respond to shareholders' queries during the AGM, and the Chairman must undertake to provide written answers to significant questions that cannot be readily answered at the meeting.
- The Board shall consider requisitions by shareholders to convene an Extraordinary General Meeting ("EGM") or for any other urgent matters requiring immediate attention of the Company.

6.3 Notices and Meeting Papers

- The notice of Board meetings shall be issued at least seven (7) days prior to the meeting. The notice of each Directors' meeting shall be deemed to be served one (1) day following that on which a properly stamped letter containing the notice is posted.
- Any Director may waive notice of any meeting and any such waiver may be retroactive.
- 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 paper and agenda items shall be circulated at least seven (7) days prior to the meeting.
- Minutes prepared following the Board meeting will be circulated to all Directors. Issues discussed in arriving at each Board's decision shall be recorded.

6.4 Access to Information

- The Directors have unrestricted access to the advice and services of the Company Secretary and Senior Management in the Group and may obtain independent professional advice as considered necessary at the Company's expense in the furtherance of their duties.
- The Directors shall have unrestricted access to the Company's information and may consult Management and employees of the Company to enable them to discharge their duties.
- The Directors acknowledge that confidential information received in the course of exercise of the Board duties remains as the property of the Group, whether it relates to the Group or another entity. It will not be disclosed unless either the Chairman of the Board has so authorised in writing or disclosure is required by law.

6.5 Directors' Training

- The Directors are regularly updated by the Company Secretary on new statutory, corporate and regulatory developments relating to Directors' duties and responsibilities or the discharge of their duties as Directors of the Company.
- Newly appointed Board members are mandated to attend the Mandatory Accreditation Programme as required under the LR of Bursa Securities within four (4) months from the date of appointment;
- Newly appointed Board members, when taking up office, are to attend the Company's induction program, where they are fully briefed on the terms of their appointment, duties and responsibilities. New members will also be briefed on the operations of the Group to increase their understanding of the business and the environment and markets in which the Group operates;
- The Board will assess the training needs of the Directors and ensure Directors have access to continuing education programmes, to facilitate the Directors in discharging their duties effectively.

6.6 Financial Reporting

Transparency

- i. The Company aims to present a clear and balanced assessment of the Company's financial position and future prospects that extend to the interim and price-sensitive information and other relevant reports submitted to regulators.
- ii. The Directors ensure that the financial statements are prepared so as to give a true and fair view of the current financial status of the Company in accordance with the approved accounting standards.
- iii. The Company's practice is to announce to Bursa Securities its quarterly financial results as early as possible within two (2) months after the end of each quarterly financial period.
- iv. The External Auditors' Report shall contain a statement from the External Auditors explaining their responsibility in forming an independent opinion, based on their audit, of the financial statements.

External Auditors

- i. 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 Auditors through its Audit Committee.
- ii. The Audit Committee also keeps under review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the External Auditors. The Company ensures that the External Auditors do not supply a substantial volume of non-audit services to the Company.
- iii. Appointment of the External Auditors is subject to approval of shareholders at General Meetings. The External Auditors have to retire during the AGM every year and be re-appointed by shareholders for the ensuing year.

Internal Controls and Risk Management

- i. The Company has a well-resourced internal audit function, which critically reviews all aspects of the Company's activities and its internal controls. Comprehensive audits of the practices, procedures, expenditures and internal controls of all business and support units and subsidiaries are undertaken on a regular basis. The Internal Auditors have direct access to the Board through the Chairman of the Audit Committee.
- ii. The Board ensures the system of internal controls is reviewed on a regular basis.
- iii. The Audit Committee receives reports regarding the outcome of such reviews on a regular basis.

6.7 Company Secretary

The Company Secretary plays an important advisory role and is a source of information and advice to the Board on the compliance to all relevant laws, rules and regulations which is affecting the Company.

The Company Secretary shall report directly to the Board and the appointment is subject to the Board's approval.

7. DISCLOSURE AND CONFLICT OF INTEREST

The Articles of Association of the Company stipulates that every Director shall comply with the provisions of Sections 131 and 135 of the Companies Act, 1965 in connection with the disclosure of the following:

1. interest in shares, debentures, participatory interests, rights, options; and
2. interest in any contract or proposed contract with the Company.

The guidelines for the Board and its Directors on conflict of interest are, among others, the following:

- a. Directors must act in good faith at all times, where believing to be in the best interest of the Company. The definition of "interest" shall bear the meaning provided in Section 6A of the Companies Act, 1965;
- b. Directors have a general duty to make disclosure by giving written notice within a stipulated period to the Company of such events and matters relating to himself as may be necessary or expedient to enable the Company or its officers to comply with the Companies Act, 1965 (or similar legislation) and other relevant legislative requirements;
- c. No director may vote in respect of any other contract or proposed contract or arrangement in which he is interested, directly or indirectly, nor any contract or proposed contract or arrangement with any other company in which he is interested, directly or indirectly, either as an officer of that other company or as a holder of shares or other securities in that other company; and

- d. Notices given by a Director will be tabled at Board Meetings and the declarations made are recorded in the minutes of the Board Meetings.

8. REVIEW OF BOARD CHARTER

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

The Board Charter is made available for reference in the Company's website at www.sib.com.my.