

SCOPE

SCOPE INDUSTRIES BERHAD

(591376-D)

BOARD CHARTER

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Board Charter

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1. Introduction

The Board Charter is a charter of the Board of Directors (“Board”) of Scope Industries Berhad (“Scope” or “the Company”).

The Board is accountable to Scope Members for the corporate governance and performance of the Scope Group and is also committed to achieving the highest standards of business integrity, ethics and professionalism across the Scope Group’s activities.

2. Purpose

The Board Charter sets out the principal role of the Board, the demarcation of the roles, functions, responsibilities and power of the Board, various Board Committees of the Company.

This Charter further defines the specific responsibilities of the Board, in order to enhance coordination and communication between the Senior 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 own performance and of its individual Directors.

3. Board Composition And Balance

(a) *Size and Composition*

At least two (2) directors or one third (1/3) of the Board, whichever is higher, shall be independent directors as defined in the Bursa Securities ACE Market Listing Requirements. The Company should be headed by an effective Board which should lead and control the Scope Group.

There should be an effective Board composition, with a strong independent element where no individual or small group of individuals should be allowed to dominate the Board’s decision making.

The Board should be lead by Directors who have the experience and background necessary to serve effectively on the Board and its committees, which may include financial, technical, business and other expertise as determined by the Board. Non-Executive Directors should be persons of calibre, credibility and have the necessary skill and experience to bring an independent judgement to bear on the issues of strategy, performance and resources, including key appointments and standards of conduct.

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(a) *Size and Composition (Cont'd)*

Subject to the Company's Articles of Association, the Board size will be set by the Board based on the recommendation of the Nomination Committee. The specific number of Board members will be reviewed from time to time with the objective of maintaining the right mix of skills, experience, expertise and independence.

(b) *Appointments and Re-election*

The Nomination Committee and Remuneration Committee shall identify candidates with appropriate skills, experience, knowledge and expertise in order to discharge its mandate effectively and to maintain the necessary mix of expertise to the Board for approval.

All newly appointed Directors will be subject to retirement at the next Annual General Meeting and is eligible for re-election.

All other Directors are subject to retirement by rotation at least once in every three (3) years and is eligible for re-election.

The directorships held by any Board member at any time shall not exceed five (5) in listed companies.

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

(c) *Independence of Director*

An Independent Director is independent of management and free of any business or other relationship that could materially interfere with the exercise of unfettered and independent judgement.

The Board undertakes to assess the independence of its Independent Directors upon appointment, annually and when any new interest or relationship develops.

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3. Board Composition And Balance (Cont'd)

(d) *New Directorship and Time Commitment*

Any Director shall notify the Chairman of the Board before accepting any new directorship. The notification shall include an indication of time that will be spent on the new appointment.

The Chairman shall also notify the Board if he has any new directorship or significant commitments outside the Company.

4. Board Performance

(a) *Directors' Assessment/Board Evaluation*

The Board recognises the importance of assessing the effectiveness of individual Directors, the Board as a whole and its Committees. The Board reviews and evaluates its own performance and the performance of its Committees on an annual basis.

5. Board Responsibilities

(a) *Roles of the Board*

The main duties and responsibilities of the Board comprise the followings:-

- Reviewing and adopting strategic plans for the Group which will enhance the future growth of the Group while addressing sustainability of the Group's business;
- Overseeing the conduct of the Group's businesses to evaluate whether the business are being properly managed;
- Identifying principal risks of the business and ensuring the implementation of appropriate systems to manage these risks;
- Reviewing the adequacy and integrity of the Group's internal control systems and management information systems;
- To consider and implement plans for effective appointments to senior management positions and Board members which includes appropriate and adequate training and ensuring orderly succession of senior management.

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5. Board Responsibilities (Cont'd)

(b) *Roles of Chairman and Group Managing Director*

The roles of the Chairman and Group Managing Director are separately and clearly defined and the positions are individually held by two (2) persons to ensure a balance of power and authority.

The role of Chairman is to oversee the orderly conduct and effectiveness of the Board by ensuring a cohesive working relationship between members of the Board.

The Group Managing Director has overall responsibility for the day-to-day management of the business and is responsible for the Group strategies, organizational effectiveness, implementation of Board policies and decisions.

(c) *Roles of Executive Directors*

Executive Directors are, as employees, involved in the day-to-day management of the Company. They are responsible for making and implementing operational and corporate decisions as well as developing, coordinating and implementing business and corporate strategies.

(d) *Roles of Non-Executive Directors*

Non-Executive Directors play key supporting roles, contributing knowledge and experience towards the formulation of policies and in decision-making process. They could provide the relevant checks and balances, focusing on shareholders' and other stakeholders' interests and ensuring that high standards of corporate governance are applied.

(e) *Board Meetings*

The Board shall schedule at least four (4) quarterly meetings annually. However, Special Meetings may be convened as required.

The Notice of Board Meeting, full agenda and the supporting Board Papers should be given in advance of each Board Meeting and Directors are expected to review in advance any such materials in order to facilitate meaningful deliberation during each meeting.

In the intervals between Board meetings, for exceptional matters requiring urgent Board decision, Board approvals are sought via circular resolutions, which are supported with sufficient information required to make an informed decision.

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5. Board Responsibilities (Cont'd)

(f) Board Committees

The Board may from time to time establish committees as is considered appropriate to assist in carrying out its duties and responsibilities. The Board delegates certain functions to the following committees to assist in the execution of its responsibilities:

- Audit Committee
- Nomination Committee
- Remuneration Committee

The committees shall operate under clearly defined terms of reference. The committees are authorised by the Board to deal with and to deliberate on matters delegated to them within their terms of reference. The Chairman of the respective committees reports to the Board on the outcome of the committee meetings and the minutes will be included in the Board Papers for Board's notification.

The Terms of Reference of each of the above committees are published in the Annual Report.

6. Access to information and independent advice

The Board members have full and unrestricted access to information on the Group's business and affairs in discharging their duties. Prior to the meetings, all Directors are provided with sufficient and timely reports and supporting documents which are circulated in advance of each meeting to ensure sufficient time is given to understand the key issues and contents.

All Directors also have full access to the advice and service of the Company Secretaries in furtherance of their duties. Where necessary, the Directors may obtain independent professional advice at the Company's expense on specific issues to enable the Board to discharge their duties on the matters being deliberated.

7. Investor Relations And Shareholder Communication

The Board recognises the value of investor relations and endeavours to maintain constant and effective communication with shareholders through timely and comprehensive announcements.

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7. Investor Relations And Shareholder Communication (Cont'd)

The AGM is the principal forum dialogue with all shareholders. The participation of shareholders and investors, both individual and institutional, at general meetings is encouraged whilst requests for briefings from the press and investment analysts are usually met as a matter of course.

Notice of Annual General Meeting and the annual report are sent to shareholders at least 21 days before the date of the meeting.

In addition, the shareholders and investors may visit Bursa Securities website (<http://www.bursamalaysia.com>) or Scope's website (<http://www.scope.com.my>) to access the Company's latest announcements such as quarterly financial results.

8. Directors' Ethics

The Board continues to adhere to the Code of Ethics for Company Directors issued by the Companies Commission of Malaysia ("Code of Ethics").

The Board is ultimately responsible for the implementation of this Code of Ethics. The Board has delegated to the Nomination Committee the responsibility to administer this Code of Ethics. Directors who learn of or suspect that a violation of the Code of Ethics has occurred or is likely to occur must immediately report the violation to the Chairman of the Nomination Committee, or to any other member of the Nomination Committee, except in the case of issues regarding the Company's financial statements, financial reporting, accounting, auditing matters or internal accounting controls of which it should be reported to the Chairman of the Audit Committee.

If a Director is unsure whether a violation should be reported to the Nomination or the Audit Committee, he or she is encouraged to report to both Committees. Directors who report violations or suspected violations in good faith will not be subject to retaliation of any kind. Reported violations will be treated confidentially to the extent possible.

Alleged violations of the Code of Ethics shall be investigated by the Nomination Committee and may result in discipline and other action at the discretion of the Board upon recommendation of the Nomination Committee, including, where appropriate, removal from the Board. The Board is ultimately responsible for the investigation and resolution of all issues that may arise under this Code of Ethics.

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9. Review Of Board Charter

The Board will review this Charter from time to time and make the necessary amendments to ensure that they remain consistent with the Board's objective, current law and practices.