



**BOARD CHARTER**

**1. INTRODUCTION**

The Board of Directors (“the Board”) is accountable and responsible for the performance and affairs of Talam Transform Berhad (“TTB” or “the Company”), including practicing a high level of good governance. All Board members are expected to show good stewardship and act in a professional manner, as well as upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.

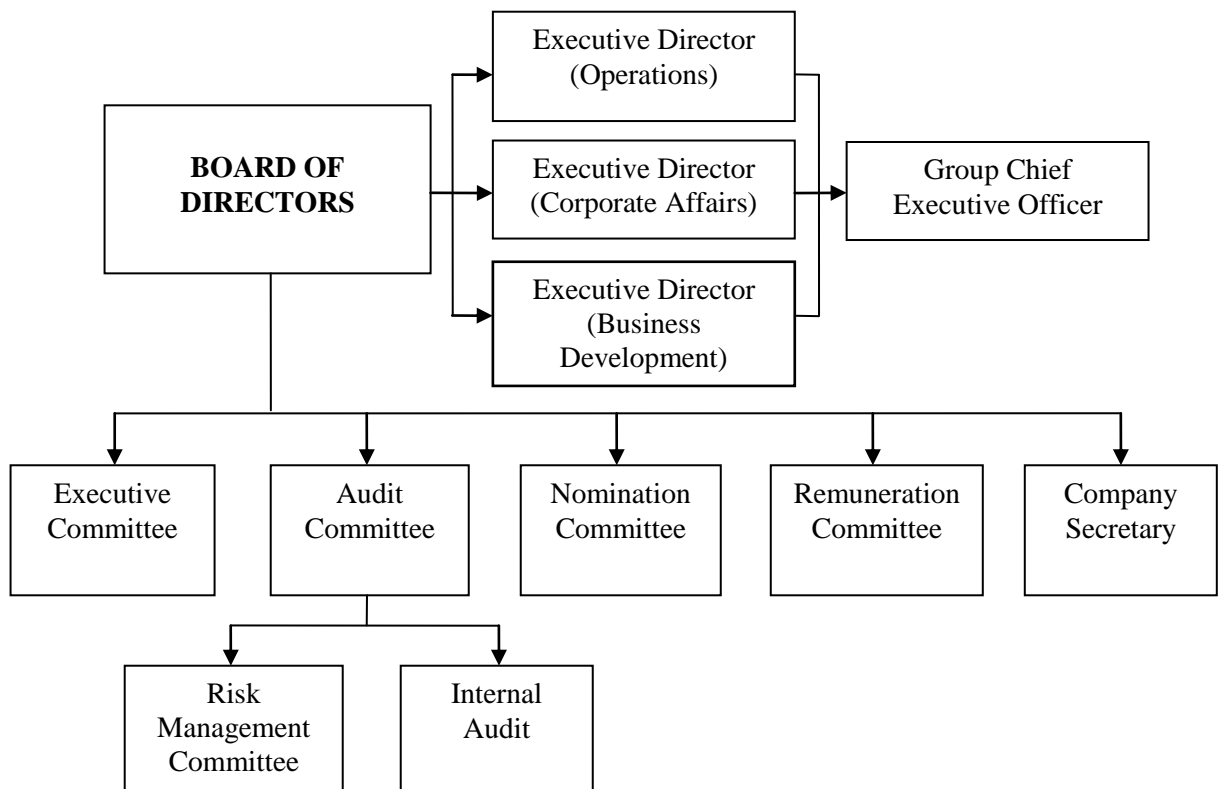
**2. PURPOSE**

This Board Charter sets out the role, functions, composition, operation and processes of the Board and is to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members.

This Board Charter would act as a source of reference and primary induction literature to provide insights to prospective Board members and senior management. In addition, it will assist the Board in the assessment of its own performance and of its individual Directors.

**3. THE BOARD**

**3.1 Governance Structure**





## 3.2 **Board Membership**

### 3.2.1 Composition

The Board consists of qualified individuals with diverse set of skills, experience, knowledge and independent elements that are necessary to govern the Company. The composition and size of the Board is such that it facilitates the decision making of the Company.

The Constitution of the Company provides for a minimum of two (2) directors and a maximum of fifteen (15) directors. The Board shall endeavour that at least half of the Board members are Independent Directors.

The Independent Directors provide independent judgment, experience and objectivity without 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. The tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. However, the retention of Independent Directors after serving a cumulative term of nine (9) years, shall be subject to shareholders' approval on a yearly basis in line with the recommendation of the Malaysian Code on Corporate Governance 2017.

The Board shall appoint a Senior Independent Director whose roles shall include amongst others the following:-

- (a) works closely and acts as a sounding board for the Company.
- (b) acts as an intermediary for other Directors when necessary.
- (c) becomes the point of contact for shareholders and stakeholders and also, to attend to any query or concern raised by shareholders.

The composition and size of the Board are reviewed from time to time to ensure its appropriateness.

### 3.2.2 Appointments and Re-election

The appointment of a new Director is a matter for consideration and decision by the full Board, upon the recommendation from the Nomination Committee ("NC") and Remuneration Committee ("RC").

In evaluating the candidates for appointment to the Board, the NC and the Board will evaluate and match the criteria of the candidate base on experience, skill, competency, knowledge, potential contribution and boardroom diversity (including gender, ethnicity, race and age).

The Constitution of the Company provides that every newly appointed Director be subjected to re-election at the immediate Annual General Meeting ("AGM"). Further, one third (1/3) of the Board shall retire



from office and be eligible for re-election at every AGM or if their number is not a multiple of three (3), then the number nearest to one-third ( $\frac{1}{3}$ ) shall retire from office. All the Directors shall submit themselves for re-election at least once every three (3) years.

### 3.2.3 New Directorship

All Board members 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.

## 3.3 **Board Role**

### 3.3.1 Duties and Responsibilities

The Board assumes, amongst others, the following duties and responsibilities:-

- (a) promote good corporate governance culture within the Company and its subsidiaries (“the Group”) which reinforces ethical, prudent and professional behavior;
- (b) review and adopt the overall strategic plans and programmes for the Group and ensure that the strategic plan supports long term value creation and includes strategies on economic, environmental and social consideration underpinning sustainability;
- (c) oversee and evaluate the conduct of business of the Group which includes supervision and assessment of the management’s performance to determine whether the business is being managed properly;
- (d) ensure there is a sound framework for internal controls and risk management;
- (e) identify the principal risks of the Group, set the risk appetite within which the management is expected to operate and ensure there is appropriate risk management framework to identify, analyse, manage and monitor significant financial and non-financial risks;
- (f) ensure the senior management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of the Board and senior management;
- (g) ensure the Company has in place procedures to enable effective communication with stakeholders; and



- (h) review the adequacy and the integrity of the financial and non-financial reporting of the Group.

### 3.3.2 Matters Reserved for the Board

The following are matters which are specifically reserved for the Board:-

- (a) approval of corporate plans and programmes;
- (b) approval of annual budgets and major capital commitments;
- (c) approval of new ventures;
- (d) approval of material acquisitions and disposals of undertakings and properties; and
- (e) changes to the management and control structure within the Group, including key policies and delegated authority limits.

### 3.4 Chairman and Executive Directors/Group Chief Executive Officer (“Group CEO”)

The Board ensures that its Chairman is a non-executive member of the Board.

The role of the Non-Executive Chairman and the Executive Directors/Group CEO are distinct and separate to ensure there is a balance of power and authority. The Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board, while the Executive Directors/Group CEO has overall responsibility for the day-to-day management of the business and implementation of the Board’s policies and decisions. The Executive Directors together with the Group CEO are responsible to ensure due execution of the strategic goals, effective operation within the Group, and to explain, clarify and inform the Board on matters pertaining to the Group.

The responsibilities of the Chairman, amongst others, are as follows:-

- (a) to lead the Board in establishing and monitoring good corporate governance practices in the Company;
- (b) to lead the Board and ensure effectiveness in all aspects of its role;
- (c) to ensure an efficient organisation and conduct of the Board’s function and meetings;
- (d) to facilitate the effective contribution of all Directors at Board meetings;
- (e) to chair Board meetings and encourage active participation and allowing dissenting views to be freely expressed and discussed;
- (f) to chair general meetings of the Company and provides clarification on issues that may be raised by the shareholders;



- (g) to promote constructive and respectful relations between Directors, and between the Board and Management; and
- (h) to ensure effective communication with shareholders and relevant stakeholders.

The responsibilities of the Executive Directors/Group CEO, amongst others, are as follows:-

- (a) to develop and implement corporate strategies for the Group;
- (b) to supervise heads of divisions/departments who are responsible for all functions contributing to the success of the Group;
- (c) to ensure the efficiency and effectiveness of the operation for the Group;
- (d) to assess business opportunities which are of potential benefit to the Group; and
- (e) to bring material and other relevant matters to the attention of the Board in an accurate and timely manner.

### **3.5 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 Committees to assist in the execution of its responsibilities. The Committees shall operate under clearly defined terms and 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 such reports or minutes will be included in the Board papers.

The Board shall at all times exercise collective oversight of the Committees and Management and would not delegate matters to the Committees and Managements to an extent that would significantly hinder or reduce the Board's ability to discharge its functions. Regular reviews on the roles and responsibilities of the Committees would be conducted, when the need arises, to ensure that the Company is able to adapt to changing business circumstances.

The Board Committees of the Company are as follows:-

- (a) Executive Committee

The Executive Committee supports the Board in the operations of the Group and assists in the implementation of operational matters of the Group. The Executive Committee meets regularly to review the operations of the Group's operating divisions/departments.



(b) Audit Committee

The Audit Committee assists the Board in regard to financial reporting, audit and risk management, which include ensuring integrity in financial reporting, effectiveness of risk management and internal control framework and overseeing the independence of external and internal auditors.

(c) Nomination Committee

The Nomination Committee assists the Board in reviewing and recommending the appointment and evaluation of the performance of the Directors and the Group CEO (including Board Committees).

(d) Remuneration Committee

The Remuneration Committee assists the Board in reviewing and recommending the appropriate remuneration policies applicable to the Directors and the Group CEO.

**3.6 Board and Board Committee Evaluation**

The Board through the NC shall undertake a formal and rigorous annual evaluation of its own performance and effectiveness, including the assessment on the Board as a whole, Board Committees, individual Committee members, individual Directors and the Group CEO.

The Board assesses the independence of the Directors annually by taking into consideration of their disclosed interest and having regard to the criteria for assessing the independence of Directors based on the Independent Directors' Self-Assessment Checklist.

The NC and the Board will consider the assessment results from the annual evaluation to determine the re-election and/or re-appointment of Directors, as well as for further development of the Directors.

The Board evaluation shall be facilitated by a professional independent party periodically, or as and when the Board deems necessary, in order to achieve a greater objectivity to the assessment by providing an unbiased perspective on the Director's/Group CEO's performance and contribution.

**3.7 Board Meetings**

The Board shall conduct at least five (5) scheduled meetings annually, with additional meetings to be convened as and when necessary.

All Directors will be provided with the performance and progress reports on a timely basis prior to the scheduled Board meetings. A full agenda of the meeting and all Board papers, including complicated issues or specific matters, would be distributed in advance to ensure Directors are well informed and have the opportunity to seek additional information, and are able to obtain further



clarification from the Company Secretary, should such a need arise. Where necessary, the services of other senior management or external consultants will be arranged to brief and help the Directors clear any doubt or concern.

### **3.8 Financial Reporting**

In presenting the annual financial statements and quarterly announcements to the shareholders, including other price sensitive public reports and reports submitted to regulators, the Board aims to present a balanced and understandable assessment of the Group's position and prospects.

The Board to ensures that the financial statements is prepared in accordance with the Companies Act 2016 and applicable approved accounting reporting standards, so as to give a true and fair view of the state of affairs of the Company and the Group.

### **3.9 Directors' Remuneration**

The remuneration policy of the Company is to retain and motivate high calibre Executive Directors by appropriate reward. These are entrenched in the remuneration policy for Executive Directors and their remuneration, which are reviewed annually by the RC.

The performance of Executive Directors/Group CEO are measured by the Executive Directors'/Group CEO's contribution and commitment to both the Board and the Company. The Executive Directors'/Group CEO's remuneration will depend on the performance of the Group and the achievement of the goals (including quantified organisational targets, key performance index and/or personal achievement).

In the case of Non-Executive Directors, the level of remuneration should reflect the contribution and level of responsibilities undertaken by the particular Non-Executive Director.

### **4.0 Directors' Training and Continuing Education**

In addition to the Mandatory Accreditation Programme as required by the Bursa Malaysia Securities Berhad ("Bursa Securities"), the Directors shall continue to update their knowledge and enhance their skills through appropriate continuing education programmes and life-long learning. This will enable Directors to effectively discharge their duties and sustain active participation in the Board deliberations.

The Board shall assess the training needs of the Directors from time to time.

## **4. COMPANY SECRETARY**

The Company Secretary plays an important advisory role and is a source of information and advice to the Board and Committees on issues relating to compliance with laws, rules, policies, procedures and regulations affecting the Group.



The Board shall appoint someone who is capable of carrying out the duties to which the post entails, and the removal of the Company Secretary shall be a matter for the Board as a whole. The Company Secretary shall be of a senior position with adequate authority and shall report directly to the Board.

The roles and responsibilities of the Company Secretary are as follows:-

- (a) advise the Board and Management on their roles and responsibilities;
- (b) advise the Board and Management on governance issues and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectation;
- (c) advise and continuously update the Board on corporate disclosures and compliance with listing requirements, company and securities legislations and related regulations;
- (d) attend all Board, Committees and general meetings, and ensure the proper recording of minutes of the meetings;
- (e) ensure proper upkeep of statutory registers and records;
- (f) assist Chairman in the preparation for and conduct of meetings;
- (g) assist Chairman in determining the annual Board plan and the administration of other strategic issues;
- (h) assist in the induction of new directors, and assist in directors' training and development; and
- (i) serve as a focal point for stakeholders' communication and engagement on corporate governance issues.

## **5. INVESTOR RELATIONS AND SHAREHOLDERS COMMUNICATION**

The Board shall place great importance in ensuring high standards of transparency and accountability in its communication to shareholders, as well as to potential investors, analysts and the public. The shareholders shall be informed of all material matters affecting the Group.

The ways of communication to shareholders and investors, amongst others, are as follows:-

- (a) timely announcements and disclosures made to Bursa Securities which includes quarterly financial results, material contract awarded, changes in the composition of the Group and any other material information that may affect investors' decision making;
- (b) press conference which is normally held after each AGM and/or general meetings to provide the media an opportunity to receive an update from the





Board on the proceedings at the meetings and to address any queries or areas of interest of the media;

- (c) make available of the summary of the Group's investor relations activities during the financial year and additional corporate information and/or disclosures of the Group for reference on the website.

The AGM is the principal forum for dialogues with shareholders. The notice of AGM shall be sent out to shareholders at least 28 days before the date of the AGM.

At each AGM, a presentation is given by the Executive Directors to explain the Group's strategy, performance and major developments to shareholders. the Board also encourages shareholders to participate in the question and answer session at the AGM.

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

The Directors, collectively or individually, may seek independent professional advice and information in the furtherance of their duties at the Company's expense, so as to ensure the Directors are able to make independent and informed decisions.

#### **7. CODE OF ETHICS AND CONDUCT**

The Board establishes the Code of Ethics and Conduct ("the Code") of the Group to create a corporate culture within the Group to operate the businesses in an ethical manner and to uphold the highest standards of professionalism and exemplary corporate conduct. The Code which sets out the principles and standards of business ethics and conduct of the Group is applicable to all Directors and employees of the Group.

The principles of the Code include the following:-

- (a) avoid conflict of interest;
- (b) exercise caution and due care to safeguard confidential information;
- (c) avoid insider trading;
- (d) ensure accuracy and reliability of records;
- (e) avoid discrimination or prejudice in the workplace; and
- (f) avoid acts of misconduct.

The Board will review the Code regularly to ensure that it continues to remain relevant and appropriate. The Code is published on the Company's website at [www.ttransform.com.my](http://www.ttransform.com.my) for reference.

#### **8. REVIEW OF THE BOARD CHARTER**

The Board Charter has been adopted by the Board on 13 December 2012. Any subsequent amendment to the Charter can only be approved by the Board.

The Board Charter will be periodically reviewed and updated in accordance with the needs of the Company and any new regulations 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.ttransform.com.my](http://www.ttransform.com.my).