



BOARD CHARTER

1. INTRODUCTION

The Board of Directors (“the Board”) is responsible and accountable for the performance and affairs of Talam Transform Berhad (“TTB” or “the Company”) and its subsidiaries (“the Group”) with the objective of enhancing shareholders’ value and the financial performance of the Group. All Board members are expected to show good stewardship and act in a professional manner and should have sound and sufficient knowledge and expertise to enable effective governance and oversight. The Board shall apply the principles and practices of good corporate governance in all its dealings on behalf of the Company as well as upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.

2. PURPOSE

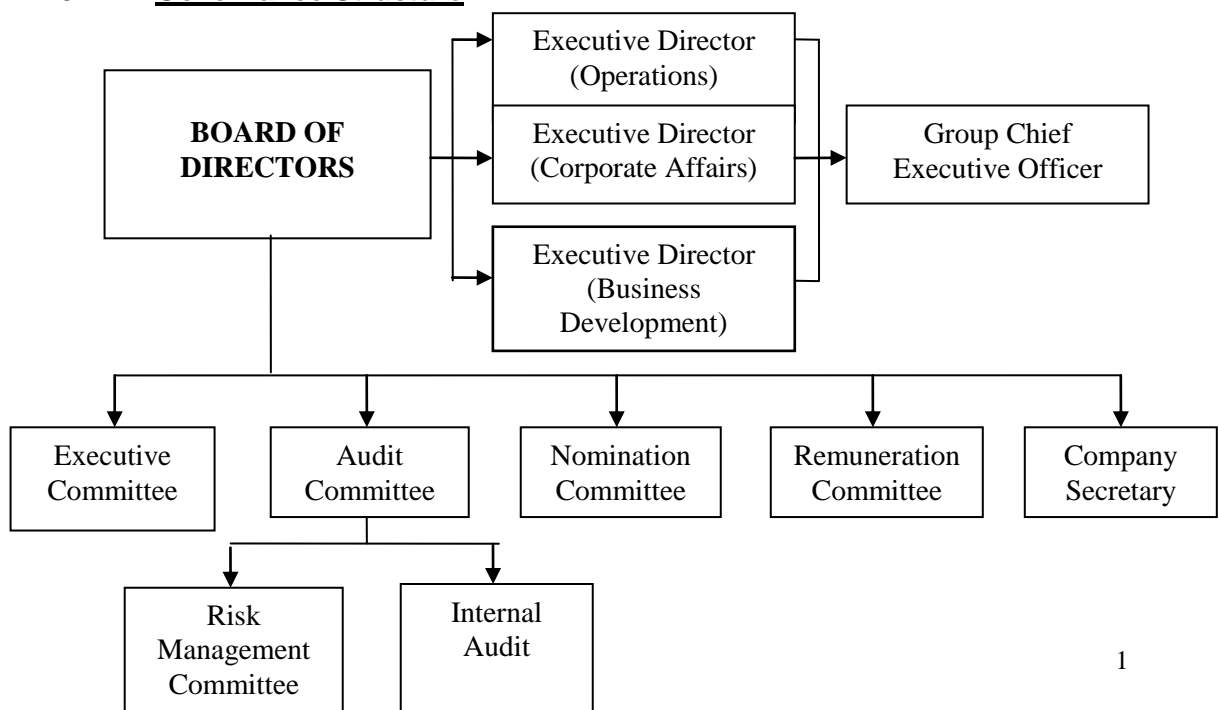
This Board Charter sets out the roles, functions, composition, operation and processes of the Board and is to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members.

This Board Charter would act as a source of reference and guide for prospective Board members and senior management to understand their roles and responsibilities and the commitment of time and contribution expected of them. In addition, it will also assist the Board in the assessment of its own performance and of its individual Directors.

This Board Charter is subject to the relevant provisions of the Companies Act 2016, the Company’s Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the recommended principles and practices of the Malaysian Code on Corporate Governance and any other applicable laws or regulatory requirements.

3. THE BOARD

3.1 Governance Structure



3.2 **Board Membership**

3.2.1 **Composition**

The Board shall consist of qualified individuals with a broad set of skills, experience, knowledge and independent elements from a diverse range of backgrounds (including gender, race, ethnicity/cultural background and age) 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 who will provide independent judgment and objectivity.

The Board is aware that tenure of service is not the absolute indicator of a Director's independence and objectivity. The test is whether the Director is able to exercise independent and objective judgment and act in the best interests of the Company. In this regard, the Board (through the Nomination Committee) shall conduct an annual assessment of the independence of the Independent Non-Executive Director.

Where the tenure of an Independent Director exceeds a cumulative term of nine (9) years, the Board shall make a recommendation and provide justifications to seek annual shareholders' approval at a general meeting if they wish to retain the director as an Independent Director. Alternatively, the Independent Director may continue to serve on the Board subject to being re-designated as a Non-Independent Director.

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, size and diversity of the Board shall be 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 (and the Remuneration Committee, where relevant).

In making these recommendations, the Nomination Committee shall evaluate and match the criteria of the candidate base on skills, knowledge, expertise and experience, professionalism, integrity, commitment (including time commitment) and diversity including gender, ethnic, age and race.

The Constitution of the Company provides that every newly appointed Director be subjected to re-election at the immediate Annual General Meeting ("AGM"). Further, at least 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

A Director of the Company or Group shall not hold more than five (5) directorships in listed issuers as stipulated under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

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 is fully responsible for the overall governance of the Group by promoting good corporate governance culture, providing strategic plans on business performance and sustainability, overseeing the proper conduct of business, risk management, internal control, succession planning, shareholders' communication, adequacy and integrity of financial and non-financial reporting while the Management is accountable for the execution of the expressed policies and attainment of the Group's expressed corporate objectives.

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

- (a) promote good corporate governance culture within 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, social and governance 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 major 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 it considers appropriate and shall delegate certain functions to the Committees to assist in carrying out its duties and responsibilities. The Committees shall operate within 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 for action by the Board where appropriate, 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 to an extent that would not 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 which have been set up 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 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, re-election 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 policy and reward framework 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 Directors, individual Committee members 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 greater objectivity to the assessment by providing an unbiased perspective on the Directors/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. Board meetings for subsequent financial year are scheduled in advance before the end of current financial year so as to enable the Directors to plan accordingly and fit the year's Board meetings to their respective schedules.

The quorum for Board meetings shall be two (2) directors present and any directors in telephonic communication during such meetings shall be counted in the quorum. Participation via telephone or video-conference is permitted. However, physical attendance for the meetings is encouraged

The notice, agenda of the meeting and all Board papers shall be circulated at least five (5) clear days or such shorter period as agreed by the Board prior to each meeting to ensure Directors are well informed and have the opportunity to seek additional information. For Board meetings called on an ad-hoc basis for special matters, a reasonable notice period given shall be sufficient. Where necessary, the services of other senior management or external consultants will be arranged to brief and help the Directors to clear any doubt or concern.

The minutes of the Board meetings shall be circulated to the Board members for comments and thereafter, for approval/confirmation at the next Board meeting.

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 shall aim to present a balanced and understandable assessment of the Group's position and prospects.

The Board shall ensure 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' Disclosure of Interests**

A Director shall at all times act honestly and use reasonable 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 to cause detriment to the Company.

Every Director shall comply with the provisions of Sections 219 and 221 of the Companies Act 2016 in connection with the disclosure of his shareholding and interest in the Company and his interest in any contract or proposed contract with the Company. On the disclosure, every Director shall state the facts and the nature, character and extent of any office or possession of any property whether directly or indirectly, duties or interests that might create conflict with his duty or interest as a Director of the Company.

Director shall not vote in respect of any contract or proposed contract or arrangement in which he has direct or indirect personal material interest.

3.10 **Directors, Board and Committee Assessment**

The Nomination Committee is entrusted by the Board to review the performance and effectiveness of the Board and Board Committees, including individual Directors on annual basis. Their responses are collated and the summary of their findings and recommendations will be submitted to the Nomination Committee for deliberation, after which, the findings and recommendations shall be escalated to the Board for further review and action.

All appointments of new members of the Board and those seeking for re-election shall be assessed based on the Company's Directors' Fit and Proper Policy.

3.11 **Directors' Remuneration**

The remuneration policy of the Company is to attract, develop, retain and motivate high calibre Executive Directors/Group CEO by appropriate reward and their remuneration, which are reviewed annually by the Remuneration Committee.

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.

The Non-Executive Directors shall be paid by way of fees for their services. In recognition of the additional time and commitment required, the Non-Executive Directors are entitled to allowances arising from their participation in various Board Committees and attending Board, various Committees and general meetings. Directors' fees, benefits paid and payables are subject to the approval of shareholders at the Annual General Meeting. The Non-Executive Directors shall be reimbursed for all the travelling and other expenses incurred in attending the meetings of the Board and Board Committees of the Company.

3.12 **Directors' Induction and Training/Continuing Development**

The Nomination Committee shall ensure that appropriate induction is provided to brief the newly appointed directors on the structure and business activities of the Group and to attend the Mandatory Accreditation Programme ("MAP") as required under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad within four (4) months from the date of appointment.

In addition to the MAP, the Board through the Nomination Committee, shall assess the training needs of the Directors from time to time and to ensure that its members 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.

4. **COMPANY SECRETARY**

The Company Secretary plays an important advisory role and is a source of information and advice to the Board and Board 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, 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 business matters affecting the Group.

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

- (a) timely announcements and disclosures made to Bursa Malaysia Securities Berhad which includes quarterly financial results, circulars, annual reports and announcements such as 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 of the meetings and to address any queries or areas of interest of the media; and
- (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 communication and 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, the Directors shall take the opportunity to engage directly with the shareholders to account for their stewardship and also encourages shareholders to participate in the question and answer session at the AGM.

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

The Board shall have unrestricted access to all information with the Company and to the advice and services of senior management personnel and the Company Secretary.

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 has established 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 made available on the Company's website at www.ttransform.com.my.

8. **REVIEW OF THE BOARD CHARTER**

The Board Charter was 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 on the Company's website at www.ttransform.com.my.