

# ***BOARD CHARTER***



**TAHPS GROUP BERHAD (37-K)**

Updated as at 22 February 2017

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**A. INTRODUCTION**

The Board of Directors (“Board”) of TAHPS Group Berhad (“TAHPS” or “Company”) regard Corporate Governance as vitally important to the success of TAHPS's businesses and are unreservedly committed to applying the principles necessary to ensure that the following principles of good governance are practised in all of its business dealings in respect of its shareholders and relevant stakeholders:

1. The Board is the focal point of the Company’s Corporate Governance system. It is ultimately accountable and responsible for the performance and affairs of the Company.
2. All Board members are expected to act in a professional manner, thereby upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.
3. All Board members are responsible to the Company for achieving a high level of good governance.
4. This Board Charter shall constitute, and form, an integral part of each Director’s duties and responsibilities.

**B. OBJECTIVES**

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

**C. THE BOARD****ROLE**

1. The Board is charged with leading and managing the Company in an effective and responsible manner. Each Director has a legal duty to act in the best interest of the Company. The Directors, collectively and individually, are aware of their responsibilities to shareholders and stakeholders for the manner in which the affairs of the Company are managed. The Board sets the Company’s values and standards and ensures that its obligations to its shareholders and stakeholders are understood and met.

2. The Board understands that the responsibility for good Corporate Governance rests with them and therefore strives to follow the principles and recommendations stated in the Malaysian Code on Corporate Governance 2012 (“MCCG”) and principles / recommendations on Corporate Governance pursuant to the respective contents provided in the Main Market Listing Requirements. The Board includes a narrative statement in the Company’s Annual Report on the practices the Company has applied in relation to the principles and recommendations on Corporate Governance pursuant to Paragraph 15.25 of the Main Market Listing Requirements. Where any recommendation is not followed, the Company shall disclose the reason for not following the recommendation and the alternative practice(s) adopted by the Company.
3. The Company complies with the various guidelines issued by Bursa Securities of Malaysia and the Securities Commission of Malaysia relating to disclosure of Corporate Governance and internal audit functions (whichever is applicable). Sanctions for non-compliance with disclosure requirements are specified in Chapter 16 of the Main Market Listing Requirements.
4. The Board meets at least once every quarter to facilitate the discharge of their responsibilities. Members of the senior management team (“Management”) who are not Directors may be invited to attend meetings on matters relating to their area of responsibility.
5. The Board discloses in the Annual Report the number of board meetings held a year and the details of attendance of each individual director in respect of meetings held.
6. The Board assumes the following specific duties (where relevant and/or applicable):
  - (i) Providing feedback on the strategy, businesses plan, financial budget for the Company and its subsidiaries;
  - (ii) Overseeing and evaluating the conduct of the Company’s businesses;
  - (iii) Identifying principal risks and ensuring that the risks are properly managed;
  - (iv) Establishing a succession plan, including appointing, training, fixing the compensation of and where appropriate, replacing senior management;
  - (v) Developing and implementing an investors relations programme or shareholder communication policy; and
  - (vi) Reviewing the adequacy and the integrity of the company’s internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

7. The Board has established procedures in determining which issues require a decision of the full Board and which functions can be delegated to Board Committees or the Management.
8. In addition to any matters which are expressly required by law to be approved by the Board, the following powers are specifically reserved for the Board:
  - (i) To approve Charters / Terms Of Reference for Board Committees;
  - (ii) To address conflict of interest issues relating to a substantial shareholder or a Director;
  - (iii) To approve any material acquisitions and disposals of assets not in the ordinary course of business;
  - (iv) To approve any investments in capital projects;
  - (v) To set the authority levels/limits within the Group;
  - (vi) To approve any treasury policies proposed by any of the Board Committees;
  - (vii) To approve any risk management policies proposed by any of the Board Committees;
  - (viii) To approve any dividend policy proposed by any of the Board Committees;
  - (ix) To approve any strategic plan, annual operating and capital expenditure budgets;
  - (x) To approve the financial statements and any significant changes to accounting policies;
  - (xi) To approve the interim dividends, final dividends and method of distribution for such dividends;
  - (xii) To approve any new material contracts entered by the Company;
  - (xiii) To approve any changes in share issuance schemes and the allocation of executive share options (if any);
  - (xiv) To consider the recommendations from the Audit Committee for the appointment and removal of auditors;
  - (xv) To approve any key appointments and matters in relation to such key appointments, such as:
    - (a) Terms and conditions of service of Directors and the Group Chief Executive Officer (other than those that are within the ambit of the Remuneration Committee);

- (b) Appointments and removal of Directors to each of the subsidiaries;
  - (c) Appointments to and removal of members from Board Committees; and
  - (d) Appointment of the Company Secretary for the Company;
- (xvi) To make recommendation to shareholders on appointment of auditors.
9. The Directors, collectively or individually, may seek independent professional or other advice in furtherance of their duties at the Company's expense.

#### **COMPOSITION AND BOARD BALANCE**

1. The Board consists of qualified individuals with diverse experience, backgrounds and perspectives. The composition and size of the Board is such that it facilitates the making of informed and critical decisions. The number of Directors shall not be fewer than three (3) and not more than twelve (12).
2. At any one time, at least two (2) or one-third ( $\frac{1}{3}$ ), whichever is higher, of the Board members are Independent Directors. In the event of any vacancy in the Board, resulting in the number of Independent Directors falling below the one-third ( $\frac{1}{3}$ ) limit, the Company must fill the vacancy within 3 months.
3. Profiles of Board members are included in the Annual Report of the Company.
4. The Independent Directors provide independent judgement, experience and objectivity and should not have any conflict of interest or be affected by undue influence from interested parties.
5. The Independent Directors help to ensure that the interests of all shareholders, and not only the interests of a particular faction or group, are indeed taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board.
6. The shareholders' concerns may be conveyed to the Board of Directors.
7. If, on any matter discussed at a Board meeting, any Director holds views contrary to those of any of the other Directors, the Board minutes will clearly reflect this.
8. The Board undertakes an assessment of its Independent Directors annually and disclose that it has conducted such assessment in the Annual Report and in any notice convening a general meeting for the appointment and re-appointment of Independent Directors.
9. The MCGG recommends that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. The Company does not have tenure limits for Independent

Directors and the Board is of the opinion that the ability of an Independent Director to exercise independent and objective judgment in Board deliberations is not a function of the Director's length of service as an Independent Director.

### **APPOINTMENTS**

1. The appointment of a new Director is a matter for consideration and decision by the full Board upon appropriate recommendation from the Nomination Committee.
2. New Directors are expected to have such expertise so as to qualify them to make a positive contribution to the Board performance of its duties and to give sufficient time and attention to the affairs of the Company.
3. The Company Secretary has the responsibility of ensuring that relevant procedures relating to the appointments of new Directors are properly executed.
4. Upon the appointment of a new Director, the Company Secretary advises the Director of his/her principal duties and responsibilities and explains the restrictions to which he or she is subject to in relation to price-sensitive information and dealings in the Company's securities. Thereafter, all Directors are provided with appropriate briefings by the Company Secretary on the Company's affairs and up-to-date Corporate Governance materials published by the relevant bodies.
5. The Company has an induction programme for newly appointed Directors. The induction programme aims at communicating to the newly appointed Directors, the Company's vision and mission, its philosophy and nature of business, current issues within the Company, the corporate strategy and the expectations of the Company concerning input from Directors. The Company Secretary is primarily responsible for the induction programme with appropriate assistance from other Directors.
6. The Company has adopted educational / training programmes to update the Board in relation to new developments pertaining to the laws and regulations and changing commercial risks which may affect the Board and/or the Company.
7. In addition to the Mandatory Accreditation Programme as required by Bursa Securities, Board members are also encouraged to attend training programmes conducted by highly competent 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 the Annual Report on the training attended by the Directors.
8. A Director must not hold more than five (5) directorships in listed companies.

**RETIREMENT AND RE-ELECTION**

1. All Directors are subject to retirement by rotation. In accordance with the Company's Articles of Association, at every general meeting one third ( $\frac{1}{3}$ ) of the Directors for the time being shall retire from office and be eligible for re-election, provided always that all Directors shall retire from office once at least in each three years and shall be eligible for re-election.
2. The office of a director will become vacant if the director
  - (i) becomes of unsound mind;
  - (ii) becomes bankrupt;
  - (iii) is absent from more than 50% of the total board of directors' meetings held during a financial year (if a director is appointed after the commencement of a financial year, then only the board of directors' meetings held after his appointment will be taken into account); or
  - (iv) is convicted by a court of law, whether within Malaysia or elsewhere, in relation to the offences under the securities laws or the Companies Act in Malaysia, or for dishonest or fraudulent acts.

**SUPPLY OF INFORMATION**

1. The Company aims to provide all Directors with timely and quality information and in a form and manner appropriate for them to discharge their duties effectively.
2. The Management is responsible for providing the Board with the required information in an appropriate and timely manner. The Chairman of the meeting, assisted by the Company Secretary, assesses the type of information required to be provided to the Board. If the information provided by the Management is insufficient, the Board will make further enquiries where necessary to which the persons responsible will respond as fully and promptly as possible.
3. A full agenda and comprehensive Board papers are circulated to all Directors in advance of each Board meeting.
4. Full Board minutes of each Board meeting are kept by the Company Secretary and are available for inspection by any Director during office hours.



**D. CHAIRMAN AND STRATEGY AND OVERSIGHT COMMITTEE (“SOC”)****CHAIRMAN**

1. The Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of its role. The Chairman is responsible for:
  - (i) leading the Board in setting the values and standards of the Company;
  - (ii) maintaining a relationship of trust with and between the Executive and Non-Executive Directors;
  - (iii) ensuring the provision of accurate, timely and clear information to Directors;
  - (iv) ensuring effective communication with shareholders and relevant stakeholders;
  - (v) arranging regular evaluation of the performance of the Board, its Committees and individual Directors;
  - (vi) facilitating the effective contribution of Non-Executive Directors and ensuring constructive relations be maintained between Executive and Non-Executive Directors.
2. The Chairman, in consultation with the SOC, Group Chief Executive Officer and the Company Secretary, sets the agenda for Board meetings and ensures that all relevant issues are on the agenda.
3. The Chairman is responsible for managing the business of the Board to ensure that:
  - (i) all Directors are properly briefed on issues arising at Board meetings.
  - (ii) sufficient time is allowed for the discussion of complex or contentious issues and, where appropriate, arranging for informal meetings beforehand to enable thorough preparation for the Board discussion.
  - (iii) the issues discussed are forward looking and concentrates on strategy.
4. The Chairman ensures that every Board resolution is put to vote to ensure the will of the majority prevails.
5. The Chairman ensures that Executive Directors look beyond their executive functions and accept their full share of responsibilities on governance.

6. The Chairman will have no casting vote if two (2) Directors form a quorum, or if there are only two (2) Directors competent to vote on the question at issue.

### **SOC**

The principal objectives of the SOC are to:-

1. provide oversight, high level review and feedback on the strategy, business plan, financial budget, policies and procedures for the Company and its subsidiaries to the Board;
2. monitor financial and operational performance of the Group's business and operations; and
3. provide oversight on any other matters which are of importance to the business and operations.

### **E. BOARD COMMITTEES**

1. The Board appoints the following Board Committees with specific terms of reference:

(i) Audit Committee;

(ii) Nomination and Remuneration Committee;

(iii) Board Risk Committee;

(iv) SOC; and

any other Board Committees which the Board think fit and appropriate in assisting the Board to achieve its objectives and deliver its function.

2. Details of the membership and a summary of the terms of reference for certain committees appointed by the Board are published on the Company's website.

### **F. REMUNERATION LEVELS OF DIRECTORS**

1. The Company aims to set remuneration at levels which are sufficient to attract and retain the Directors needed to run the Company successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved, but without paying more than is necessary to achieve this goal.
2. The level of remuneration for the Executive Directors (if any) is determined by the Nomination and Remuneration Committee after giving due consideration to the compensation levels for comparable positions among other similar Malaysian listed public companies.

3. Non-Executive Directors are entitled to participate in the Company's Share Issuance Scheme subject to approval at a General Meeting. Non-Executive Directors who participated in the scheme are prohibited to sell, transfer or assign the shares, obtained through the exercise of options offered, within one (1) year from the date of offer of such options.
4. No Director other than the Executive Directors shall have a service contract with the Company.
5. A formal independent review of the Directors' remuneration is undertaken at least once every three (3) years.
6. Board remuneration policies and procedures are disclosed in the Annual Report.

## **G. FINANCIAL REPORTING**

### **Transparency**

1. The Company aims to present an accurate assessment of the Company's financial position.
2. 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 and applicable Financial Reporting Standards.
3. An Independent Auditors Report shall contain a statement from the Auditors explaining their responsibility in forming an independent opinion, based on their audit of the financial statements.

### **Company Auditors**

1. 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 Company Auditors through its Audit Committee.
2. 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 Company Auditors. The Company ensures that the Company Auditors provide only relevant services to the Company.
3. Appointment of the Company Auditors is subject to approval of shareholders at General Meetings. The Company Auditors have to retire during the Annual General Meeting every year and be re-appointed by shareholders for the ensuing year.

### **Internal Controls and Risk Management**

1. The Company has engaged an external party to perform the internal audit function ("Internal Auditors") who reports directly to the Audit Committee. The Internal Auditors critically review

all aspects of the Company's activities and its internal controls. Comprehensive audits of the practices, procedures, expenditure and internal controls of all businesses and subsidiaries are undertaken on a regular basis. The Internal Auditors has direct access to the Board through the Chairman of the Audit Committee.

2. The Board ensures the system of internal controls is reviewed on a regular basis.
3. The Audit Committee receives reports regarding the outcome of such reviews on a regular basis.
4. The Board is committed to establish a sound framework to manage risks and ensure that risk management is embedded in the governance framework. A sound system of risk management and internal control includes:
  - (i) Written communication of company values, the expected Code of Conduct, Policies and Procedures;
  - (ii) Documentation (generally via a set of charters) of the responsibilities and functions of the Board of Directors, each of its committees, and the individual directors;
  - (iii) Management's philosophy, risk attitude (consistent with the risk appetite or criteria approved by the Board) and operating style;
  - (iv) The Company's organizational structure and methods of assigning authority and responsibility; and
  - (v) Clearly defined authority and responsibility for each employee.

## H. GENERAL MEETINGS

### **AGM**

1. The Company regards the AGM as an important event in the corporate calendar of which all Directors and key senior executives attend.
2. The Company regards the AGM as the principal forum for dialogue with shareholders and aims to ensure that the AGM provides an important opportunity for effective communication with, and constructive feedback from, the Company's shareholders.
3. The Chairman encourages active participation by the shareholders during the AGM.
4. The Chairman and, where appropriate, the Management responds to shareholders' queries during the meeting. Where necessary, the Chairman will undertake to provide a written answer to any significant question that cannot be readily answered at the meeting.

**Extraordinary General Meeting (EGM)**

1. The Directors will consider requisitions by shareholders to convene an EGM on any other urgent matters requiring immediate attention of the Company.

**I. INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION**

1. The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Company and as such adopts an open and transparent policy in respect of its relationship with its shareholders and investors.
2. The Board ensures the timely release of financial results on a quarterly basis to provide shareholders with an overview of the Company's performance and operations in addition to the various announcements made during the year.
3. The Management may conduct dialogues with financial analysts from time to time as a means of effective communication that enables the Board and Management to convey information relating to the Company's performance, corporate strategy and other matters affecting shareholders' interests.
4. The Board encourages the Company to leverage on Information Technology for effective dissemination of information by establishing a dedicated section for corporate governance on the Company's website.

**J. RELATIONSHIP WITH OTHER STAKEHOLDERS**

In the course of pursuing the vision and mission of the Company, the Board recognises that no Company can exist by maximising shareholders value alone. In this regard, the needs and interests of other stakeholders are also taken into consideration.

**Employees**

1. The Board acknowledges that the employees are invaluable assets of the Company and play a vital role in achieving the vision and mission of the Company.
2. The Board acknowledges the importance of ethical standards and ensures compliance through the implementation of appropriate internal systems, including appropriate communication and feedback channels which facilitate whistleblowing.
3. The Company adopts comprehensive and documented policies and procedures with respect to the following:-

- (i) Occupational safety and health with the objective of providing a safe and healthy working environment for all employees; and
- (ii) Human Resources and industrial relations with the objective of managing employees' welfare and well-being in the workplace.

**Environment/Sustainability**

1. The Board acknowledges the need to safeguard and minimise the impact to the environment in the course of achieving the Company's vision and mission

**Corporate Social Responsibility (CSR)**

1. The Board acknowledges that the Company has a vital role in contributing towards the welfare of the community in which it operates.
2. The Company supports charitable causes and initiatives on community development projects.
3. The Company is required to include in the Annual Report a description of the CSR activities or practices undertaken by the Company and its subsidiaries or if there are none, a statement to that effect.

**K. COMPANY SECRETARY**

1. The Board shall appoint a suitably qualified and competent Company Secretary and ensure that the Company Secretary fulfils the functions for which he/she has been appointed.
2. The Company Secretary is accountable to the Board through the Chairman of the Board and Committees on all governance matters.
3. The Company Secretary, who plays an important advisory role, is a central source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company.
4. The Company Secretary advises Directors of their obligations to adhere to matters relating to:-
  - (i) disclosure of interest in securities
  - (ii) disclosure of any conflict of interest in a transaction involving the Company
  - (iii) prohibition on dealing in securities
  - (iv) restrictions on disclosure of price-sensitive information.

5. The Company Secretary must keep abreast of, and inform, the Board of current governance practices.
6. The Board members shall have unlimited access to the professional advice and services of the Company Secretary.

#### **L. APPLICATION**

1. The principles set out in this Charter are:
  - (i) kept under review and updated as practices on Corporate Governance develop and further guidelines on Corporate Governance are issued by the relevant regulatory authorities;
  - (ii) applied in practice having regard to their spirit and general principles rather than to the letter alone; and
  - (iii) summarised in the Annual Report as part of a narrative statement by the Directors on Corporate Governance.
2. The Board endeavours to comply at all times with the principles and practices set out in this Charter.
3. Any updates or changes to the principles and practices set out in this Charter will be approved by the Board and made available on the Company's website.

This Board Charter was approved at the Board meeting on 22 February 2017

[End of Board Charter]