



Warisan TC Holdings Berhad
(424834-W)

Board Charter
(Abridged Version)



Board Charter

(Revised pursuant to a resolution of the Board on 24 November 2014)

1. Introduction and purpose of Board Charter

The Board Charter (the “Charter”) formalises the various roles and responsibilities of the Board, Board Committees and individual Director of Warisan TC Holdings Berhad (“WTCH” or the “Company”) with the aim of streamlining and enhancing corporate governance practices towards transparency, accountability and integrity in boardroom activities.

The Charter incorporates the Principles and Recommendations of the Malaysian Code on Corporate Governance 2012 (“MCCG 2012”), as considered appropriate, the Listing Requirements on corporate governance, certain aspects of the Company’s Articles of Association and relevant portions of the Companies Act, 1965 insofar as the duties and responsibilities of Directors are concerned. Whilst the Charter serves as a structured guide, especially for new Directors who are on board, it should not be construed as an exhaustive blueprint for Directors of the Company.

2. Interpretation

In this Charter:

“Board” means the Board of Directors of the Company;

“Board Committees” means committees established by the Board from time to time, including Audit Committee and Nominating Committee;

“Bursa Malaysia” means Bursa Malaysia Securities Berhad;

“Business” means the business of the Company and all its subsidiaries;

“Chairman” means the Chairman of the Board and is used in a gender-neutral sense;

“Company Secretary(ies)” means the Board secretary(ies) or the person(s) normally exercising the functions of a Board secretary;

“Directors” means members of the Board;

“Group” means the Company and all its subsidiaries;

“Independent Director” is defined in accordance with Paragraph 1.01 of the Listing Requirements;

“Listing Requirements” means the Main Market Listing Requirements of Bursa Malaysia;

“Management” means the management personnel of the Group; and

“Shareholders” means the shareholders of the Company.



3. Role of the Board and its principal responsibilities

- 3.1** The Board is collectively responsible for the proper stewardship of the Group's business and the creation of long term shareholder value, whilst taking into account interests of other stakeholders.
- 3.2** The principal responsibilities of the Board include the following:
- (a) reviewing and adopting a strategic plan, as developed by Management, taking into account the sustainability of the Company's business, with attention given to the environmental, social and governance aspects of the business;
 - (b) overseeing the conduct of the Company's business, including monitoring the performance of Management to determine whether the business is being properly managed;
 - (c) identifying principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measures to manage such risks;
 - (d) succession planning - ensuring that there are programmes to provide for the orderly succession of Senior Management and members of the Board;
 - (e) overseeing the development and implementation of a shareholder communication policy;
 - (f) reviewing the adequacy and integrity of the Company's management information and internal control systems, ensuring there is a sound framework of reporting internal controls and regulatory compliance; and
 - (g) overseeing the Group's adherence to high standards of conduct/ ethics and corporate behaviour, including the Code of Ethics for Directors set out in **Appendix A** of this Charter.
- 3.3** To ensure the direction and control of the Company are in the hands of the Board, a formal schedule of matters reserved for the Board's deliberation and decision is set out in **Appendix B** of this Charter.



4. Board structure

4.1 Board balance and composition

- 4.1.1 The Board shall be helmed by a Chairman appointed by the Board, and comprise at least two (2) members or one-third ($\frac{1}{3}$) of the Board, whichever is higher, who are Independent Non-Executive Directors (“IDs”) in accordance with the Listing Requirements. The Chairman may be assisted by the leader of the Executive Team (the “ET Leader”) referred to in paragraph 4.3.1 below if the Chairman is not the ET Leader.
- 4.1.2 The tenure of ID shall be for a cumulative term of nine (9) years since appointment as ID. The ID may continue to serve on the Board beyond the 9-year tenure provided the ID is re-designated as a Non-Independent Director. Where the Board is of the view that the ID can continue beyond the 9-year tenure, it must justify and seek shareholders’ approval. The Board shall also identify from amongst its members for inclusion in the Company’s Annual Report a Senior Independent Non-Executive Director to whom concerns of fellow Directors, shareholders or stakeholders may be conveyed.
- 4.1.3 To enhance its effectiveness, the Board shall ensure its members have the relevant skills, experience, expertise and time commitment. Accordingly, the Nominating Committee is entrusted by the Board to appraise candidates for directorship, including those who retire and offer themselves for re-election or re-appointment, before recommending to the Board. The Board is mindful of the need for board diversity and, in this context, the Nominating Committee takes into consideration gender diversity when recommending to the Board.
- 4.1.4 The composition of the Board shall be guided by the Board Diversity Policy, set out in *Appendix C*, to ensure the Board is of appropriate mix so as to optimise the performance of the Board as a whole and align the Board’s capabilities with the strategic direction of the Company.
- 4.1.5 Directors shall not sit on the boards of more than five (5) listed issuers and before accepting any new directorship, Directors shall notify the Chairman, the notification of which shall include an indication of time that will be spent on the new appointment.

4.2 Role of Chairman

The Chairman is primarily responsible, amongst others, for the following:

- (a) presiding at Board and shareholder meetings and ensuring the proceedings thereof comply with good conduct and practices provided that the Board may appoint another Director to preside as Chairman if the Chairman or Deputy Chairman shall be unwilling to preside at any meeting;
- (b) in conjunction with the Company Secretary(ies) to determine the content of the agenda and the information to be supplied to the Board as set out in paragraph 5.2 below; and



- (c) acting as facilitator at Board meetings and ensuring that no member, whether executive or otherwise, dominates discussion. The Chairman shall also encourage Board members to participate in discussions and that relevant opinions amongst members are forthcoming, resulting in logical and understandable outcomes.

4.3 Role of Directors with Executive Functions and Responsibilities ie Executive Directors and the Executive Team

- 4.3.1 Directors who have executive functions and responsibilities under their service contracts and delegated functions as determined by the Board and who form part of the Senior management personnel (collectively the “Executive Team”) shall use the following appropriate corporate titles to reflect their executive role, functions and responsibilities:

Corporate Title

President
Chief Executive Officer (“CEO”)
Executive Vice President

such other corporate titles as the Board may resolve to add from time to time.

The leader of the Executive Team or the ET Leader shall be the President or if there shall be no President appointed, the CEO shall be the leader. If for any reason none of the holders of the above corporate titles are Directors of the Company, the Board shall appoint a Director to be the ET Leader. The ET Leader shall be answerable to the Board.

- 4.3.2 The Executive Team serve as a conduit between the rest of the Management and the Board and is responsible for the effective implementation of the strategic plans and policies of the Group established by the Board and for corporate governance, besides managing the daily operations of the Group.
- 4.3.3 Generally, the members of the Executive Team are responsible to the Board for the following key functions in accordance with their respective roles, positions, functions and responsibilities:
 - (a) achievement of Company’s goals and observance of Management authorities delegated by the Board; and
 - (b) developing long-term strategic and short-term business plans, designed to enable the Company’s requirements for growth, profitability and return on capital are achieved.

4.4 Role of Non-Executive Directors (“NEDs”)

The roles of NEDs largely encompass the monitoring of Company performance and contributing to the development of Company strategy, clarified as follows:



- (a) Strategy: Constructively challenge and contribute to the development of Company strategy; and
- (b) Performance: Oversee the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance.

4.5 Company Secretary(ies)

- 4.5.1 The appointment and removal of the Company Secretary(ies) is a matter for the Board as a whole. The Company Secretary(ies) shall be suitably qualified and capable of carrying out the duties required of the post.
- 4.5.2 The primary responsibilities of the Company Secretary(ies) shall include the following:
 - (a) ensuring timely dissemination of notice of meeting and agenda to Directors, including relevant Board papers and information pertaining to issues scheduled for discussion and/or approval at meeting;
 - (b) ensuring that Board procedures and applicable rules are observed;
 - (c) maintaining records of the Board and Board Committees and its respective meetings and ensuring effective management of the Company's records;
 - (d) preparing comprehensive minutes to document Board and Board Committee proceedings and ensure conclusions are accurately recorded; and
 - (e) timely dissemination of information relevant to Directors' roles and functions and keeping them updated on new or evolving regulatory requirements.

4.6 Board Committees

- 4.6.1 The Board shall establish Committees from time to time to assist the Board in the discharge of its duties and responsibilities. Each Committee has its own terms of reference in writing, specified by the Board, detailing its roles and responsibilities, structure and composition.
- 4.6.2 A number of standing Committees, with written terms of reference have been established, namely the following:
 - (a) **Audit Committee**

The terms of reference of the Audit Committee are attached as *Appendix D* of this Charter; and
 - (b) **Nominating Committee**

The terms of reference of the Nominating Committee are attached as *Appendix E* of this Charter.



4.7 The Board's relationship with shareholders and stakeholders

- 4.7.1 The Board shall maintain a communications policy that enables both the Board and Management to communicate effectively with the Company's shareholders, stakeholders and the general public.
- 4.7.2 The Board shall ensure that the General Meetings of the Company are conducted in an efficient manner to enhance shareholder communications.

5. Board procedures

5.1 Board meetings

- 5.1.1 Meetings shall be conducted at least on a quarterly basis. The Company Secretary(ies) shall prepare and distribute to all Directors in advance a timetable for the meetings for the year. The Company Secretary(ies) shall work together with the Chairman in developing the meeting agenda.
- 5.1.2 Directors are required to attend Board meetings. However, other senior officers may be invited to attend meetings for particular items within their responsibility. The Board may also invite external parties, such as the auditors, solicitors and consultants as and when the need arises.

5.2 Agenda

The Chairman, in conjunction with the Company Secretary(ies), shall determine the contents of the agenda and assess the information needed to be supplied to the Board. The agenda shall include, amongst others, matters specifically reserved for the Board's decision. The Board shall record its deliberation, in terms of the issues discussed, and the conclusions thereof, in discharging its duties and responsibilities.

5.3 Meeting papers

To allow sufficient time for Directors to consider the relevant information, Board papers and agenda items are to be circulated at least seven (7) days, or a shorter period where unavoidable, prior to the meeting. Where there is a need to table a report, a brief statement of findings and/ or recommendations is prepared.

5.4 Access to information

All Directors shall have unrestricted access to Management and to information pertaining to the Company, including access to the Company auditors and consultants, relevant to the furtherance of their duties and responsibilities as Directors of the Company.

5.5 Independent professional advice

- 5.5.1 In discharging the Directors' duties, each member of the Board is entitled to obtain independent professional advice at the cost of the Company.
- 5.5.2 Where such advice is considered necessary for the discharge of his duties and responsibilities as Director and, for the benefit of the Company, such Director shall first discuss it with the Chairman and, having done so, shall be free to proceed, where appropriate.



6. Directors' training

Directors are required to undergo the mandatory accreditation programme under the auspices of Bursa Malaysia. In addition, Directors are required to attend relevant training courses/ seminars at periodic intervals to keep themselves updated on developments pertaining to the oversight function of Directors as well as technical matters, for example, financial reporting standards, tax budgets, etc. The Nominating Committee shall decide on the continuous education training programme for Directors.

7. Directors' Remuneration

- 7.1** NEDs will be paid a fee for acting as Directors of the Company, subject to approval by shareholders, and meeting allowances for their attendances at meetings; and
- 7.2** The remuneration of Directors who hold executive office shall be decided by the Board with the individual Director concerned abstaining from discussing his individual remuneration. The amount of remuneration payable shall be determined in accordance with Article 78.5 of the Articles of Association of WTCH.

8. Board and member assessment

The Nominating Committee is entrusted by the Board to review the performance and effectiveness of the Board and Board Committees, including individual Directors, annually, with the assessment report, together with a report on the Board balance covering the required mix of skills, experience and other qualities of Board members, for discussion at the full Board.

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Appendix A

DIRECTORS' CODE OF ETHICS

As prescribed by Section 132 of the Companies Act, 1965, Directors of a company shall at all times act in good faith and in the best interest of the company. Directors shall adhere to the general principles of integrity, objectivity, accountability, openness, honesty and leadership.

The Directors shall observe the Directors' Code of Ethics, which includes the following:

- (i) Observe high standards of corporate governance, in particular the practices set out in the Malaysian Code on Corporate Governance 2012, the Main Market Listing Requirements of Bursa Malaysia, the Companies Act, 1965 and the Capital Markets and Services Act, 2007;
 - (ii) Not misuse information gained in the course of duties for personal gain or for any other purpose, nor seek the opportunity of the service as Directors to promote private interests or those of connected persons, firms, businesses or other organisations; and
 - (iii) Directors shall adhere to the regulatory requirements pertaining to trading in the Company's shares, including insider trading.
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Appendix B

FORMAL SCHEDULE OF MATTERS RESERVED FOR THE BOARD

The following summarises the list of key matters reserved for the Board's deliberation and decision:

1. Board structure

- (a) Appointment and recommendation for removal of Directors.
- (b) Appointment and removal of Company Secretary(ies).
- (c) Establishment of Board Committees, their members and the specific terms of reference.

2. Board remuneration

- (a) Recommendation of Directors' fees for Non-Executive Directors to be approved by shareholders.
- (b) Approval of remuneration packages, including service contracts, for Executive Directors.

3. Company's operations

- (a) Review and approval of Company strategic plan and annual budget (including capital expenditure budget).
- (b) Approval of capital expenditure exceeding prescribed thresholds based on the formalised limits of authority.
- (c) Approval of treasury policies and bank mandates of the Company.
- (d) Approval of limits of authority for the Company.

4. Financial

- (a) Approval of financial statements and their release (including financial reports for announcement to Bursa Malaysia Securities Berhad or the Securities Commission).
- (b) Approval of interim dividends for payment and the recommendation of final dividend or other distribution for shareholders' approval.
- (c) Review the effectiveness of the Group's system of risk management and internal controls via the Audit Committee.

5. Others

- (a) Granting of power of attorney by the Company.
 - (b) Entering into any corporate guarantee and indemnity issued by the Company.
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Appendix C

BOARD DIVERSITY POLICY

Policy statement

The Board strongly advocates board diversity as a truly diverse Board will include and make good use of differences in the skills, regional and industry experience, background, race, gender and other qualities of Directors. These differences will be considered in determining the optimum composition of the Board and when possible, should be balanced appropriately.

The Company's goals and core principles are taken into consideration in the development of this Policy. The Company's strategic intent for board diversity is the attraction, retention and development of a diverse team of skilled people towards the delivering of the Company's strategy. The Policy is centred on the following initiatives:

- (1) Identifying and creating the right balance of skills and industry experience, background and gender of Directors;
 - (2) Retaining Directors based on performance and merit, in the context of skills, time commitment and experience, in order for the Board to be effective; and
 - (3) The Board's Nominating Committee to review and assess the Board composition and mix and make recommendations on the appointment of new Directors. The Committee is tasked with the following responsibilities:
 - (a) to appoint members based on merit and free of prejudice, whilst simultaneously considering a broader sense of diversity and its advantages, when reviewing Board composition;
 - (b) to consider the mix of skills, experience, independence, knowledge and the diversity representation of the Board, as part of the annual performance evaluation of the effectiveness of the Board, Board Committees and individual Directors; and
 - (c) to develop measurable objectives to implement the Policy and for monitoring progress towards the achievement of these objectives.
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Appendix D

AUDIT COMMITTEE CHARTER (TERMS OF REFERENCE)

The functions of the Audit Committee shall be, amongst others, to:

- (1) review the following and report the same to the Board:
 - (a) the nature and scope of the audit plan, the evaluation of the system of internal control and the audit report with the external auditors; the assistance given by the employees of the Company or Group to the external auditors;
 - (b) 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 works;
 - (c) the internal audit programmes, processes, the results of the internal audit programmes, processes or investigations undertaken and whether or not appropriate action is taken on the recommendation of the internal audit function;
 - (d) the quarterly results and year end financial statements, prior to approval by the Board, focusing on:
 - (i) changes in or implementation of major accounting policies and practices;
 - (ii) significant audit adjustments from the external auditors;
 - (iii) the going concern assumption; and
 - (iv) compliance with accounting standards established by professional bodies and other legal requirements;
 - (e) 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.
- (2) consider the appointment of the external auditors, the audit fee and any questions of resignation or dismissal;
- (3) assess, review and monitor the suitability and independence of external auditors, including obtaining written assurance from external auditors confirming they are, and have been, independent throughout the conduct of audit engagement in accordance with the terms of all relevant professional and regulatory requirements;
- (4) approve any appointment or termination of senior staff members of the internal audit function and review any appraisal or assessment of the performance of its members;
- (5) set policy on non-audit services which may be provided by the external auditors and conditions and procedures which must be adhered by the external auditors in the provision of such services;
- (6) approval of non-audit services provided by external auditors;



- (7) consider the major findings of internal investigations and management's response;
 - (8) review the risk management framework adopted within the Group and satisfy that the methodology employed allows identification, analysis, assessment, monitoring and communication of risks in a timely manner which result in minimising losses and maximising opportunities of the Group; and
 - (9) any other function as may be required by the Board from time to time.
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Appendix E

NOMINATING COMMITTEE CHARTER (TERMS OF REFERENCE)

The roles of the Nominating Committee shall be, amongst others, to:

- (1) review and assess the mix of skills, experience, size and diversity of the Board;
- (2) review and assess the contribution, effectiveness and performance of individual Director, as well as the effectiveness of the Board and its Committees;
- (3) review and assess the criteria for assessment of independence for Independent Directors (“IDs”);
- (4) recommend to the Board on candidates for directorship, on the re-appointment and re-election of Directors and the Directors to sit on Board Committees;
- (5) recommend to the Board the continuation of office of IDs whose tenure as IDs has exceeded a cumulative term of nine (9) years;
- (6) facilitate relevant induction programmes for newly appointed Directors as well as continuing education programmes for existing Directors; and
- (7) develop and review policies and procedures governing the composition for effective and efficient functioning of the Board.

Other duties of the Committee shall include the following:

- (1) consider the size of the Board and Board Committees with a view to determining the impact of the number upon the Board’s and Board Committees’ effectiveness and recommend to the Board any improvements to be made;
- (2) recommend to the Board, candidates for all directorships in the Company. In making the recommendations, the Committee shall also consider candidates proposed by the Chairman and, within the bounds of practicability, by any Director or shareholder. In making its recommendations, the Committee shall consider, amongst others, the candidates’:
 - (a) skills, knowledge, expertise and experience;
 - (b) performance;
 - (c) character, professionalism and integrity;
 - (d) number of directorships and other external obligations which may affect the Director’s commitment, including time commitment and value contribution; and
 - (e) in the case of candidates for the position of ID, the Committee shall also evaluate the candidates’ ability to discharge such responsibilities/ functions as are expected from IDs.



- (3) recommend to the Board and facilitate appropriate induction and education programme for new Directors as well as evaluate the training needs of Directors and ensure that their training needs are met and they are kept abreast of all regulatory changes and developments in the business environment;
 - (4) review the policy on board diversity, including but not limited to gender diversity; and
 - (5) review and oversee the development of a succession planning framework for Board members.
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