

# **BOARD CHARTER**

Approved by : Board of Directors

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## **1.0 Introduction**

### **1.1 Purpose**

The Board Charter (“Charter”) serves as guiding literature for the Board of Directors (the “Board”) of TMC Life Sciences Sdn Bhd (“TMC” or the “Company”), which amongst others outlines the powers, duties and responsibilities of the Board, composition and processes, to enable all Board members to be aware of their duties and responsibilities for the general administration of the affairs and business of the Company and its subsidiaries (collectively referred to as the “Group”). The Board members are expected to ensure that they conduct themselves in a professional manner as stewards of the Group by upholding the values and ethos of the Group.

### **1.2 Authority**

The Board derives its authority to act and exercise its powers from the relevant legislative and regulatory promulgations as well as the Company’s Constitution.

### **1.3 Guiding Principles of the Charter**

1.1.1 This Charter should be read together with enumerations encapsulated in the relevant legislative and regulatory promulgations including the following:

- (a) Companies Act 2016;
- (b) Capital Markets and Services Act 2007;
- (c) Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“ListingRequirements”);
- (d) Malaysian Anti-Corruption Commission (“MACC”) Act 2009 and MACC (Amendment) Act 2018;
- (e) Guidelines on Adequate Procedures pursuant to Section 17A(5) of MACC Act 2009; and
- (f) Other authoritative guidance such as the Malaysian Code on Corporate Governance (“MCCG”).

1.3.2 Where there is a conflict between the contents of this Charter and the aforementioned legislations or the Company’s Constitution, the relevant enumerations contained in the said legislations or the Company’s Constitution shall prevail, whichever is applicable.

1.3.3 In this Charter, words importing one gender include the other gender and words importing the singular include the plural and vice versa, as the case may be.

## **2.0 Board Composition**

### **2.1 Board size**

2.1.1 The number of directors shall not be less than two (2) and not more than twelve (12). The appointment of directors shall be recommended by the Nomination Committee and approved by the Board.

2.1.2 The Board shall periodically review and evaluate the size of the Board, with a view to promote effective deliberation, encourage active participation of all Directors and allow the functions of the various Board Committees to be discharged without giving rise to an over-extension of Directors that are required to serve on multiple Board Committees.

- 2.1.3 The Board shall take into consideration the following when reviewing its size:
- (a) The evolving circumstances and needs of the Group in terms of its size, market or geographical footprint;
  - (b) The need to achieve an appropriate balance of Executive and Non-Executive Directors (including Independent Directors); and
  - (c) Other factors such as representation of the interests of certain members or groups of members, technical know-how or experience in the relevant industry sector, and the Board's diversity of professional experience, gender cultural background and age. The Board shall comprise at least 30% women Directors to bring in a diversity of perspectives during the deliberation process (*Practice 5.9 of MCCG*).
- 2.1.4 For the avoidance of doubt, an Alternate Director shall not be counted in the determination of the number of Directors on the Board [*Section 196(4)(b) of Companies Act 2016*].

## **2.2 Board structure and independence**

- 2.2.1 At least two (2) or one-third (1/3) of the Board, whichever is higher, shall be Independent Directors [*paragraph 15.02(1) of Listing Requirements*].
- 2.2.2 In the event of a vacancy in the Board resulting in non-compliance with Section 2.2.1, the Company must fill the vacancy within three (3) months [*paragraph 15.02(3) of Listing Requirements*].
- 2.2.3 Nominee Directors of major shareholders, who represent the interests of the major shareholders in providing strategic direction of the Group, are classified as Non-Independent Non-Executive Directors.
- 2.2.4 Nominee Directors shall act in the best interest of the Company and in the event of any conflict between his duty to act in the best interest of the Company and his duty to his nominator, he shall not subordinate his duty to act in the best interest of the Company to his nominator [*Section 217(1), Companies Act 2016*].
- 2.2.5 Independent Directors shall be independent of Management and free from any business or other relationship which could interfere with the exercise of independent judgment or the ability to act in the best interests of the Company [*paragraph 1.01 of Listing Requirements*].
- 2.2.6 Independent Directors are subjected to a "test of independence", as facilitated by the Nomination Committee, on an annual basis or as and when a disclosure is made of any new interest or relationship that may impede their ability to act independently.
- 2.2.7 In reviewing the Board composition, the Board with assistance from the Nomination Committee, will take into consideration all aspects of diversity including age, gender, ethnicity, skills, experience, independence and background of the Board members.
- 2.2.8 The positions of Chairman of the Board and Group Chief Executive Officer ("GCEO") should be held by different individuals, and the chairman must be a non-executive member of the Board.
- 2.2.9 In the event that the positions of chairman of the Board and GCEO are held by the same person or in the absence of such position, the Company shall provide an explanation and justification in the Annual Report of the Company.

#### 2.2.10 Chairman of the Board

- (a) The Board shall amongst themselves appoint a Chairman, preferably a Non-Executive Director, as a best practice.
- (b) A Vice Chairman, may be elected by the Board among its members to perform the duty of the Chairman during the Chairman's absence.

#### 2.2.11 Director

- (a) The Board may appoint Directors to perform the functions listed under Section 3.2 of this Charter.

#### 2.2.12 Group Chief Executive Officer

- (a) The GCEO shall be appointed by the Board on the recommendation from the Nomination Committee.

2.2.13 The positions of the Chairman, Vice Chairman and GCEO shall be held by different individuals to promote accountability and facilitate the division of responsibilities between them (*Practice 1.3 & Guidance to Practice 1.3, MCCG*).

### **2.3 Board diversity and mix of skills, experience and competencies**

2.3.1 The Board shall comprise Directors who, as a group, provide a balance and diversity in terms of skills, core competencies, integrity, characteristics, experience and knowledge towards the Group. The mix of skills, experience and competencies such as strategic awareness and personal qualities of the Board shall reflect the wide range of business, industry, commercial and financial experience essential in providing oversight and direction of the Group.

2.3.2 Appointment of Board members shall be based on the objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender (*Practice 5.4 of MCCG*).

2.3.3 Core competencies amongst others refer to the knowledge in the following areas:

- (a) Regulatory;
- (b) Risk and audit;
- (c) Merger and acquisition;
- (d) Finance;
- (e) Marketing;
- (f) Operational turnaround;
- (g) Key industry aspects in relation to medical and healthcare; and
- (h) Cultural, social and political developments.

2.3.4 The Board shall maintain at least 30% women Directors on the Board to bring in a diversity of perspectives and encourage women participation during Board deliberation and decision-making process whilst achieving the Malaysian Government's aspiration for 30% women participation at the boardroom level (*Practice 5.9 of MCCG*).

### **3.0 Role of the Chairman, Directors, GCEO and Management**

#### **3.1 Roles of the Chairman**

The Chairman plays a pivotal role in the Company in creating the conditions for a high-performing Board.

The Chairman is elected by the Board members to provide leadership at the Board level and represents the Board to the shareholders and other stakeholders. The Chairman is responsible for ensuring the integrity and effectiveness of the Board and its committees.

The Chairman is responsible for the following:

- (a) Providing leadership to the Board, including setting the values and standards of the Company;
- (b) Maintaining a relationship of trust between the Board and Senior Management;
- (c) Setting the meeting agenda and ensuring the provision of clear, accurate and timely information to Directors;
- (d) Facilitate all Board meetings and discussions, ensuring the appropriate level of interaction, including active participation from Board members, subsidiary Board members and Senior Management and allowing dissenting views to be freely expressed;
- (e) Ensure a balance composition of skills, knowledge and experience within the Board and an effective working, reporting and communication mode is present;
- (f) Ensure that material matters in respect of the business or governance of the Company or the Group are tabled and ventilated effectively for Board decision-making;
- (g) Monitor the performance of the individual and collective roles of the directors and the Board;
- (h) Leading the oversight of matters involving corporate justice and integrity;
- (i) Maintain good contact and effective relationships as well as communication with external parties, public investors, regulatory bodies, etc.; and
- (j) Enhancing shareholders' value by encouraging and initiating business development;
- (k) Chair all meetings with the shareholders i.e. Annual General Meeting and Extraordinary General Meeting.

*(Practice 1.2 of MCGG)*

#### **3.2 Roles of the Directors**

Directors are accountable to their shareholders and should use their best efforts to ensure that the Company and Group are properly managed and constantly improved so as to protect and enhance shareholders' value, and to meet the Company's obligations to all parties with which the Company interacts, i.e. its stakeholders.

The responsibilities of a Director, either individually or collectively, include, amongst others, the following:

- (a) To act in the interests of the Company and an important area of their legal responsibilities derives from trust law - the fiduciary duty to act in the best interests of the Company, which includes the interests of the shareholders;
- (b) To exercise reasonable skill, care and diligence in the discharge of their functions;

- (c) To exercise the utmost good faith towards the Company in all their actions and to act honestly in the exercise of the powers and the discharge of the duties of their office;
- (d) To be actively involved not only in Board meetings but general meetings of shareholders;
- (e) To acquire knowledge about the business of the Company and Group, the statutory and regulatory requirements affecting the effective discharge of their duties, being aware of the physical, political and social environment in which it operates;
- (f) To assist the Chairman in providing the Company and Group with effective leadership; and
- (g) To be available to advise management between Board meetings, when necessary.

### **3.3 Roles of the GCEO**

The GCEO serves as a nexus between the Board and Management. The GCEO provides executive leadership and is accountable to the Board for the implementation of the strategies, objectives and decisions of the Board within the framework of delegated authorities, values and policies of the Company. The GCEO is appointed by the Board on the recommendation of the Nomination Committee.

The GCEO is accountable to the Board, amongst others, for the following:

- (a) Manage the day-to-day business operations of the Group;
- (b) The GCEO has a direct reporting line to the Board and not to the shareholders of the Company;
- (c) Develop and recommend to the Board the long-term strategy and vision of the Group and its quantified expression by way of key performance indicators;
- (d) Develop and recommend to the Board the annual business plans, budgets, action plans and risk management policies that support the Group's long-term strategy that reflect the current business environment and trends;
- (e) Ensure that the Group's corporate and business objectives are executed and achieved;
- (f) Ensure continuous improvement and development, maintenance, implementation, formulation and achievement of corporate policies and strategies sanctioned by the Board;
- (g) Recommend the management structure and operating authority levels which include delegation of responsibility to Management;
- (h) Ensure that the Company has an effective management team and structure, management development program and succession planning measures;
- (i) Ensure that effective internal controls and governance best practices are deployed within the Group;
- (j) Serve as chief spokesperson of the Company and Group;
- (k) Ensure the Group remains in compliance with relevant legislations and regulations by conducting reviews and monitoring compliance; and
- (l) Oversee and report to the Board on technology-based issues as well as cybersecurity risks, protection and mitigation.



### **3.4 Roles of the Management**

The responsibilities of the Management, in general, are:

- (a) Developing and proposing for the Board's approval, a strategic plan and annual budget for the Company and Group to ensure the achievement of the objectives set by the Board;
- (b) Communicating to the staff and implementing the strategic plan approved by the Board and any decision of the Board to ensure that the objectives of the Company and Group that were approved by the Board are met;
- (c) Running and managing the operations of the Company and Group in a proper manner and in accordance with the Board approved strategic plan within the authority limit set by the Board;
- (d) Setting up appropriate and effective internal control measures and risk management framework. Identifying, assessing, managing and monitoring key risks;
- (e) Assisting the Board in the establishment of the Company or Group's policies by developing such policies for the Board's review and approval for the Company and Group's adoption and implementation of the approved policies;
- (f) Developing effective management information and internal control systems of the Company and the Group to ensure that the integrity and adequacy of the systems are intact;
- (g) Reporting to the Board periodically on the performance of the Group against the approved plan and budget as well as other matters that are under the Board's purview in order to enable the Board to discharge its responsibilities effectively; and
- (h) Reporting to the Board on matters that required their decision/ approval or are of significance to the Company and Group.

## **4.0 Board Roles and Responsibilities**

### **4.1 Roles of the Board**

- 4.1.1 The Board is charged with leading the Group and managing the long-term strategic objectives and direction of the Group.
- 4.1.2 Directors, as stewards of the Company, shall objectively discharge their duties and responsibilities at all times and have a fiduciary duty to act in the best interest of the Company's shareholders and other stakeholders.
- 4.1.3 The Board is responsible for establishing and maintaining corporate governance standards, including but not limited to the standards prescribed by the applicable laws and regulations.
- 4.1.4 The Board is responsible for approving any information technology-related plans, policies and recommended controls in relation to cybersecurity, data protection and disaster recovery.

### **4.2 Key responsibilities of the Board**

- 4.2.1 In discharging its responsibilities, the Board shall undertake the key responsibilities outlined under Section 4.2.2 to Section 4.2.8.

#### 4.2.2 Strategy and overall business performance

- (a) Set the strategic plan for the Group, identifying quantitative and qualitative performance objectives (*Guidance to Practice 1.1 of MCCG*);
- (b) Understanding shareholders' expectations and contributing to the development of strategies in their best interest and enhancing shareholders' value;
- (c) Establish a set of Key Performance Indicators ("KPIs") to monitor and assess Management's performance in implementing the strategic plan; and
- (d) Adopting performance measures to monitor implementation and performance of the strategy, policies, plans, legal and fiduciary obligations that affect the business;

#### 4.2.3 Risk management and internal control

- (a) Determine the risk appetite and risk tolerance level of the Group, taking into consideration anti-corruption matters, and actively identify, assess and monitor principal risks facing the Group to safeguard shareholders' investments and the Group's assets (*Guidance 9.1 of MCCG*).
- (b) Commitment to understanding and implementation of appropriate measures to manage key risk factors of the Company; and
- (c) Reviewing the adequacy and the integrity of the Group's internal control systems and management information systems ensuring its adequacy, integrity and compliance to applicable laws, regulations, rules, directives and guidelines as well as anti-corruption.  
(*Practice 10.1 and Guidance to Practices 1.1 and 10.1 of MCCG*)  
(*Paragraphs 4.2 and 4.3 of the Guidelines on Adequate Procedures*)

#### 4.2.4 Sustainability governance

- (a) Recognise that the goal of sustainable development is to "meet the needs of the present without compromising the ability of future generations to meet their own needs" and commit to incorporating sustainability into its strategic plan and balanced against the interest of various stakeholders as part of its responsibility to the economic, environment and social aspects of the business; and
- (b) Ensure the development of specific policies, procedures, directives and reporting to support and promote economic, environmental and social development.

#### 4.2.5 Succession planning, evaluation and remuneration

- (a) Commitment in governing the management and providing oversight of the Company, including the monitoring of performance and succession planning;
- (b) Develop a succession plan for Board members and Senior Management (*Guidance to Practice 1.1 of MCCG*);
- (c) Review the effectiveness and performance of the Board, Board Committees and individual Directors (*Practice 6.1 of MCCG*) and Senior Management;
- (d) Evaluate and determine the necessary training, mentoring and coaching needs of Directors [*paragraph 15.08(2) of Listing Requirements*] and Senior Management; and
- (e) Establish and periodically review the remuneration policies and procedures of the Board members and Senior Management (*Practice 7.1 of MCCG*).

#### 4.2.6 Stakeholders communication

- (a) Ensure effective, transparent and regular communication with the Group's stakeholders, including shareholders and investors (*Practice 12.1 of MCCG*);
- (b) Ensure a conscious balance of other stakeholders' interests, where appropriate, are in line with Government policies and increasing shareholders' value; and
- (c) Ensure the latest information on the Group and its activities are easily accessible for stakeholders without compromising the rules on price-sensitive information.

#### 4.2.7 Reporting

- (a) Ensure the integrity of the Company's financial as well as non-financial reporting (*Guidance to Practice 1.1 of MCCG*);
- (b) Monitoring and reviewing management processes aimed at ensuring the integrity of and other reporting with the guidance of the Audit and Risk Management Committee ("ARMC"); and
- (c) Ensure that the financial statements are prepared in accordance with the Companies Act 2016 and applicable financial reporting standards so as to give a true and fair view of the state of affairs of the Company and the Group.

#### 4.2.8 Corporate governance and ethics

- (a) Promote and encourage high standards of ethics and corporate behaviour across every level of the Group through the establishment of the Code of Conduct (*Practice 3.1 of MCCG*);
- (b) Ensure the Company's compliance with corporate governance standards and practices;
- (c) Provide assurance to its internal and external stakeholders that the Group is operating in compliance with its policies and any other applicable regulatory requirements. This includes establishing a "tone from the top" and spearheading the Group's efforts to improve its corruption risk management framework, internal control system, review and monitoring as well as training and communication (*Paragraph 4.1.2 of the Guidelines on Adequate Procedures*);
- (d) Direct and periodically review an anti-corruption compliance programme which includes clear policies and objectives that adequately address corruption risk (*Paragraph 4.1.3 of the Guidelines on Adequate Procedures*); and
- (e) Establish and implement procedures to ensure that any dealing with the Company's securities complies with all security laws.

### 4.3 Matters reserved for the Board

- 4.3.1 The Board, in carrying out its responsibilities, may delegate its powers to the Board Committees, individual Directors, Management or any other person [*Section 216(1) of Companies Act 2016*].

The ultimate responsibility however, resides with the Board as any power exercised by the delegate is deemed to be exercised by the Board itself [*Section 216(2) of Companies Act 2016*].

- 4.3.2 Directors must at all times be aware of their role as ambassadors of the Group and as such shall act accordingly.

4.3.2 A schedule of Matters Reserved for the Board's deliberation and approval is listed below:

4.3.2.1 Conduct of the Board

- (a) Appointment of Chairman of the Board;
- (b) Appointment of Directors in the event of a casual vacancy for which the appointee shall hold office only until the next Annual General Meeting of the Company, and shall then be eligible for re-election;
- (c) Appointment and removal of Senior Management; and
- (d) Establishment of Board Committees and approval for their Terms of Reference.

4.3.2.2 Remuneration

- (a) Approval of the remuneration framework, policies and procedures for Non-Executive Directors and Senior Management; and
- (b) Approval of any proposed employees' share option scheme and/ or amendments to the existing scheme, subject to legal and regulatory requirements.

4.3.2.3 Operational

- (a) Approval of the Group's annual business plan and annual budget;
- (b) Ongoing review of Management performance;
- (c) Approval of major capital expenditure, acquisition, and divestitures in excess of authority levels delegated to Board Committees and Senior Management;
- (d) Approval of investment or divestment of a capital project which represents a significant diversification from the existing business activities;
- (e) Approval of changes in the major activities of the Company or Group;
- (f) Approval of treasury policies and bank mandate; and
- (g) Setting the limits of authority of the GCEO and Senior Management.

4.3.2.4 Financial

- (a) Approval of quarterly and annual financial statements based on the recommendations of the ARMC;
- (b) Approval for the release of financial announcements to Bursa Malaysia Securities Berhad;
- (c) Approval of the Annual Directors' Report and Statutory Financial Statements;
- (d) Approval of interim dividends, the recommendation of final dividends and the making of any other distribution;
- (e) Adoption of accounting policies based on the recommendations of the ARMC;
- (f) Approval of Company or Group policies and procedures based on the recommendations of the Senior Management, where appropriate; and

- (g) Review of the Group's internal control systems based on the report and findings of the ARMC.

#### 4.3.2.5 Other matters

- (a) Approval of other directorships held by Directors outside the Group;
- (b) Review of corporate governance principles and policies of the Group;
- (c) The granting of powers of attorney by the Group;
- (d) The entering into of any indemnities or guarantees;
- (e) Recommendations for the alteration of the Company Constitution;
- (f) Alteration of the accounting year end, registered office and name of the Company;
- (g) Purchase of own shares by the Company;
- (h) Issue of any debt instruments;
- (i) Substantial political or charitable contributions;
- (j) Scheme of reconstruction or restructuring;
- (k) Any other significant business decision;
- (l) Any other matters requiring the convening of a general meeting of shareholders or any class of shareholders; and
- (m) Any other specific matters nominated by the Board and required by regulatory promulgations from time to time.

## 4.4 Board Committees

4.4.1 The Board shall set up different Board committees with different functions to assist the Board in discharging its fiduciary duty. These committees do not make decisions on behalf of the Board and the Company. It is each committee's duty to review the matter under its purview and make the necessary recommendation to the Board for its consideration and decision-making.

4.4.2 The following Committees have been presently established to assist the Board in discharging its duties and responsibilities:

#### 4.4.2.1 Audit and Risk Management Committee ("ARMC")

- (a) The ARMC will support the Board to oversee the integrity of financial reporting, related party transactions, conflict of interest situations that arose, persist or may arise within the Company or its subsidiaries and audits which include, but are not limited to, assessing the effectiveness of the internal control and risk management framework, evaluation of the external auditors and assessing the independence of the external auditors and internal auditors and the measures taken to resolve, eliminate or mitigate such conflict of interest.
- (b) The ARMC's roles and functions are narrated in the Terms of Reference of the ARMC.

#### 4.4.2.2 Nomination Committee ("NC")

- (a) The NC shall conduct a formal and rigorous evaluation of the Board as a whole, Board Committees as well as individual Directors, on an annual basis, to ensure there is no entrenchment within the Board.

- (b) The NC shall also support the Board in evaluating potential new candidates to be appointed as Board members and Senior Management as well as providing recommendations on the re-election and/ or retention of Directors.
- (c) The NC's roles and functions are narrated in the Terms of Reference of the NC.

#### 4.4.2.3 Remuneration Committee ("RC")

- (a) The RC shall recommend to the Board, the remuneration packages of key Senior Management personnel of the Company in all its forms, consulting with external/ independent third parties for advice, when necessary. The remuneration packages of Non-Executive Directors should be determined by the Board of Directors as a whole subject to the shareholders' approval.
- (b) The RC also supports the Board by reviewing and recommending changes to the remuneration policies that would enable the Board to attract and retain talent within the Board and Senior Management.
- (c) The RC's roles and functions are narrated in the Terms of Reference of the RC.

## 5.0 Board processes and procedures

### 5.1 Appointments, re-appointment and removal of Directors

- 5.1.1 The appointment of new Directors is a matter for consideration and decision by the Board, upon the recommendation from the NC.
- 5.1.2 In nominating a person for directorship, the Board will consider the candidate's character, experience, integrity, competence and ability to devote time to effectively discharge his/ her role (*paragraph 2.20A of Listing Requirements*).
- 5.1.3 At each Annual General Meeting, one-third (1/3) or the number nearest to one-third (1/3) shall retire from office provided that all Directors shall retire from office once in every three (3) years [*Section 205(3)(b) of Companies Act 2016; paragraph 7.26(2) of Listing Requirements*].
- 5.1.4 A retiring Director is eligible for re-appointment. It provides that any new or additional Director appointed by the Board during the year shall hold office until the next Annual General Meeting and shall then be eligible for re-election. The election of each Director is voted separately [*Section 205(5) of Companies Act 2016; paragraph 7.26(2) of Listing Requirements*].
- 5.1.5 A Director may be removed from the Board prior to the expiration of the Director's period of office subject to the Company's Constitution [*Section 206(1)(a) of Companies Act 2016*].
- 5.1.6 The office of a Director shall become vacant if the Director:
  - (a) Falls within the circumstances set out in Section 208 of the Companies Act 2016;
  - (b) Is absent from more than 50% of the total board of directors' meetings held during a financial year; or

- (c) Is convicted by a court of law, whether within Malaysia or elsewhere, in relation to the offences set out under paragraph 15.05(1)(a),(b) or (c) of the Listing Requirements.

*(paragraph 15.05(3) of the Listing Requirements)*

## **5.2 Tenure of Independent Directors**

5.2.1 The tenure of an independent director shall not exceed a cumulative term of nine (9) years. However, if the Board intends to retain an independent Director beyond nine (9) years, the Board shall justify and seek annual shareholders' approval. *(Practice 5.3 of MCCG).*

5.2.2 The tenure of an independent director shall not exceed a cumulative term of twelve (12) years in the Company and/or its related corporations.

## **5.3 Board evaluation**

5.3.1 The Group has in place an Annual Performance Assessment, conducted on an annual basis *(Practice 6.1 of MCCG).*

5.3.2 The NC shall, on an annual basis, review the activities and effectiveness of the Board, Board Committees and individual Directors (including Independent Directors) and report to the Board its findings.

5.3.3 The findings from the Annual Performance Assessment shall be discussed with the respective Committees and/ or the Chairman of the Board. Results of the valuation of the Chairman of the Board shall be deliberated by the NC; and

5.3.4 The Board, with the support of the NC, shall develop an actionable improvement programme based on the findings of the Annual Performance Assessment.

## **5.4 Directors' Remuneration**

5.4.1 The Company aims to set remuneration at a level that is sufficient to attract, retain and motivate Directors, in line with the Group's remuneration policy and procedures.

5.4.2 The remuneration for Non-Executive Directors is based on their responsibilities in the Board and/ or Board Committee(s), their attendance and/ or the special skills and expertise they bring to the Board.

5.4.3 An Executive Director will not receive fees but instead, will be paid as employees of the Group in accordance with their terms of employment.

## **5.5 Directors and officers liability insurance**

5.5.1 Directors are accorded with Directors and Officers Liability Insurance in respect of any liability (civil or criminal) arising in the course of discharging their duties as Directors provided that such liabilities were occasioned in good faith and not as a result of negligence, default or breach of duty *(Section 288 of Companies Act 2016).*

5.5.2 The Directors and Officers Liability Insurance premium shall be borne by the Company separately and does not form part of the benefits awarded to Directors as part of their remuneration packages.

## **5.6 Induction for newly-appointed Directors**

- 5.6.1 Newly-appointed Directors shall be furnished with the relevant corporate information, but not limited to:
- (a) Board Charter;
  - (b) Board Committees' Terms of Reference
  - (c) Latest business plan;
  - (d) Latest annual reports and accounts;
  - (e) Organisational chart and detailed information on Senior Management;
  - (f) Business operation structure;
  - (g) Meeting schedules for the year;
  - (h) Minutes for the past three (3) Board meetings; and
  - (i) Code of Business Conduct and Ethics.
- 5.6.2 Newly-appointed Directors are mandated to attend the Mandatory Accreditation Programme ("MAP") as required under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (*Practice Note 5 of Listing Requirements*):
- (a) MAP Part I within four (4) months from the date of appointment; and
  - (b) MAP Part II within eighteen (18) months from the date of appointment.
- 5.6.3 New Directors will also be briefed on the operations of the Group to increase their understanding of the business and the environment as well as the markets in which the Group operates.

## **5.7 Directors' training**

- 5.7.1 The Board shall evaluate and determine the training needs of its members in addition to ensuring Directors undergo the necessary training programmes as prescribed by Bursa Malaysia Securities Berhad [*paragraph 15.08(1) and (2) of Listing Requirements*].
- 5.7.2 The Board shall disclose in the Company's annual report, the training programmes attended by the Directors during the financial year [*paragraph 15.08(3) of Listing Requirements*].
- 5.7.3 The Board is required to be kept up-to-date with current business, industry, regulatory and legislative developments and trends that will affect the Company and Group's business operations. The Board and its Directors' professional development includes:
- (a) Formal training and continuous education programs and workshops for the Directors encompassing topics on directorship, business, industry, regulatory and legislative; and
  - (b) Informal sessions and discussion forums for the Directors to share experiences and have constructive deliberations.
- 5.7.4 The Company shall develop and disseminate internal as well as internal and external trainings relevant to its anti-corruption management system, covering areas such as policy, training, reporting channel and consequences of non-compliance (*Paragraph 4.5.1 of the Guidelines on Adequate Procedures*).



**5.8 Directorships in other companies**

- 5.8.1 The number of directorships held by individual Directors shall not exceed five (5) listed issuers in Malaysia (*Paragraph 15.06 of Listing Requirements*).

**5.9 Board meetings and supply of information**

- 5.9.1 The Board shall meet at least four (4) times during a financial year or more as the Board sees fit.
- 5.9.2 The agenda of the meeting is decided upon focusing on matters that require the Board's decision, approval, and directions and on items that are truly the Board's responsibility.
- 5.9.3 Key matters reserved for the Board's approval include the annual business plan and budget, dividend policy, business continuity plan, new issue of securities, business restructuring, expenditure above a certain pre-determined limit, new business venture, expansion plan, funding plan, acquisition or disposal of companies within the Group and any other strategic matters requiring the Board's decision.
- 5.9.4 The Company Secretaries shall discuss with the GCEO on the agenda item. The final agenda for the meeting would be given to the GCEO for his/ her approval and clearance.
- 5.9.5 Any Director may request for inclusion of any matter in the agenda for a particular Board meeting. The request must be sent seven (7) days before the meeting for the GCEO's approval.
- 5.9.6 At each scheduled meeting, the Board shall consider where applicable:
- (a) Proposals for significant capital expenditure and acquisitions;
  - (b) Proposals for significant disposal of company assets;
  - (c) Major issues or opportunities for the Group;
  - (d) Committee minutes/ Board circular resolutions for notation;
  - (e) Changes in directorships and disclosure of interest;
  - (f) Issues of shares under the Company's executive share option scheme;
  - (g) Summary of share ownership movement; and
  - (h) Any other matters requiring its authority
- 5.9.7 The Board shall, at periodic intervals:
- (a) Review the Company and Group goals;
  - (b) Review the strategies for achieving the stated goals;
  - (c) Approve the operational plan and budget;
  - (d) Consider and, if appropriate, declare or recommend the payment of dividends;
  - (e) Review non-executive Board members' remuneration;
  - (f) Review the reports and recommendations from the ARMC:
    - Approve the quarterly announcements and annual financial statements to shareholders and the public; and
    - Approve the appointment of the Group's external and internal auditors.

- (g) Review the reports and recommendations from the NC;
    - Adopt the Board composition, structure and succession;
    - Confirm the performance of, necessity for and composition of the Board Committees; and
    - Review the Board and individual Directors' evaluations.
  - (h) Review the reports and recommendations from the RC;
    - Advise the Board on the remuneration of the GCEO, Group Chief Financial Officer ("GCFO") and other key Senior Management personnel; and
    - Approve the remuneration policies and procedures in general.
- 5.9.8 Two (2) Directors are required to be present at Board meetings in order to constitute a quorum.
- 5.9.9 In the event the Board Chairman is unable to be present for the Board meeting, the members who are present at the meeting can appoint a Chairman among themselves to chair the meeting.
- 5.9.10 A matter to put to vote at the Board meetings shall be decided by a simple majority of the votes cast and in the event of an equality of votes, the Chairman of the meeting has the casting vote. A Board member who has an interest or is involved directly or indirectly in any matter under consideration by the meeting, shall not participate in the voting process.
- 5.9.11 The meetings shall convene in a face-to-face manner. If a member is unable to be present at the meeting venue, his/ her participation through tele/video-conferencing or other appropriate means may be permitted.
- 5.9.12 Decisions of the Board may be made by circular resolution in between scheduled meetings. A resolution in writing, signed by all the Directors for the time being present in Malaysia and entitled to receive notice of a meeting of the Directors, is valid and effectual as if it has been passed at a meeting of the Directors duly convened and held. All circular resolutions are to be presented at the subsequent Board meeting for notation. The use of circular resolutions shall be limited to administrative, technical and ad-hoc matters.
- 5.9.13 The GCEO will inform/remind the relevant Head of Departments ("HODs") to submit their report/ materials on presentation to the Company Secretary at least seven (7) days before the meeting (*Guidance to Practice 1.6 of MCGG*).
- 5.9.14 All meeting materials/ reports/ papers as well as the notice and agenda will be compiled in a meeting file and to be distributed to all the Directors within an appropriate timeline for perusal. In cases where the subject matter/ agenda item is price sensitive or otherwise confidential or in a state of flux, the presentation is directly made at the meeting.
- All meeting materials/ reports/ papers to be tabled to the Board of Directors for approval shall be first reviewed and/or approved by the Executive Committee.
- 5.9.15 Information furnished to the Board should not be limited to historical or bottom line and finance-oriented information but instead, should also include information on other performance measures such as performance against the market, operational performance, product and service quality performance and human capital update. This is to facilitate a more informed Board deliberation and decision-making process.

- 5.9.16 The Chairman shall cause minutes to be duly entered into the books provided for the purpose of all resolutions and proceedings of all Board meetings. Minutes of each meeting shall be distributed to all Directors within twenty-one (21) days of the meeting.
- 5.9.17 Minutes of meetings shall be signed by the Chairman of the meeting or by the Chairman of the next succeeding meeting and if so signed, shall be conclusive and contemporaneous evidence without any further proof of the facts thereon stated.
- 5.9.18 The reproduction of any parts of the meeting minutes shall only be performed through or by the Company Secretary with the approval of the Chairman.
- 5.9.19 Directors shall ensure the minutes of meetings accurately reflect the deliberations and decisions of the Board, including the views of individual Directors or whether any Director abstained from voting or deliberation on a particular matter (*Guideline to Practice 1.6 of MCCG*).
- 5.9.20 Board members are expected to make every effort to attend Board meetings and prepare thoroughly and participate actively and constructively in Board discussions and other Board activities.
- 5.9.21 Board meetings shall be conducted openly and constructively whilst recognising the value of diversity of opinion in bringing greater clarity to the decision-making process.
- 5.9.22 All discussions and records of discussions shall remain confidential unless otherwise specified by the Board or where disclosure is required by the law. Subject to legal or regulatory requirements, the Board will decide on the manner and timing of the publication of its decisions.

#### **5.10 Access to independent professional advice**

- 5.10.1 Directors shall have the authority to seek independent professional advice at the expense of the Company or Group, whenever necessary and reasonable for the performance of his duties [*paragraph 15.04(c) of Listing Requirements; Section 215(1) of Companies Act 2016*].
- 5.10.2 Directors shall discuss with the Chairman prior to engaging an independent third party and provide a notice to the GCEO or the Company Secretaries of the intention to seek independent advice.

The notice shall include the name(s) of the professional advisors that he intends to contact, together with a brief summary of the subject matter for which professional advice is sought. The GCEO or the Company Secretary shall provide written acknowledgement of acceptance of notification. In the event that one or more directors seek to appoint one or more advisors, the Chairman should take steps to facilitate discussions to arrive at a consensus.

- 5.10.3 For the purposes of this section, independent professional advice shall include advice sought from legal experts, accountants or other professional advisors and consultants. Independent professional advice shall exclude any advice concerning the personal interests of the directors (such as with respect to their contracts or disputes with the Group) unless these are matters affecting the Board as a whole.

### **5.11 Shareholdings by Board members in the Group**

5.11.1 Board members may hold shares in the Group, subject to relevant legal and regulatory provisions. When buying or selling shares of the Group, Board members must strictly observe the provisions of the relevant legislative and regulatory procedures.

## **6.0 Relationship of the Board with Management**

### **6.1 Access to Management and information**

6.1.1 Board members have full and unrestricted access to Management and the information pertaining to the Group.

6.1.2 In order to gain additional insights and exposure to the Group's business operations, the Board shall from time to time, involve Senior Management of the Group in the Board meetings.

### **6.2 Position of GCEO**

6.2.1 The Board delegates its authority to Management through the GCEO. The authority and accountability of Management is considered to be the authority and accountability of the GCEO so far as the Board is concerned.

6.2.2 The GCEO is accountable to the Board for the performance and proper management of the Company.

6.2.3 In between Board meetings, the Chairman shall maintain an informal link between the Board and the GCEO and shall expect to be kept informed on all important matters, and is available to the GCEO to provide counsel and advice where appropriate.

6.2.4 Only decisions of the Board acting as a body are binding on the GCEO. Decisions or instructions of individual Board members are not binding unless authorisation is given by the Board.

### **6.3 Management authorities**

6.3.1 The GCEO is expected to act within all specific authorities delegated to him/her by the Board.

6.3.2 The GCEO is expected to not cause or permit any practice, activity or decision that is contrary to commonly accepted good business practice or professional ethics. In allocating the capital and resources of the Company and/ or Group, the GCEO is expected to adhere to the Company and/ or Group's goals and policies. He/ She is expected to not cause or permit any action without taking into account the risks affecting the performance, health, safety, environment, sustainability, governance and political consequences and their effect on long-term shareholder value.

6.3.3 The assets of the Group are expected to be adequately maintained and protected, and not unnecessarily placed at risk. In managing the risks of the Group, the GCEO is expected to not cause or permit anyone to substitute their own risk preference for those of the shareholders as a whole.

6.3.4 The GCEO is expected to not permit employees and other parties working for the Group to be subjected to treatment or conditions that are undignified, inequitable, unfair or unsafe.

## 7.0 Relationship of the Board with stakeholders

### 7.1 Shareholders

- 7.1.1 The Board has adopted a **Shareholders' Communication Policy** that will help to build trust and understanding in the relationship between the Company and the shareholders.
- 7.1.2 The Board has established the following communication channels with its shareholders:
- (a) Annual General Meeting;
  - (b) Extraordinary General Meeting, held as and when needed;
  - (c) Analysts meetings, held as and when requested;
  - (d) Annual report;
  - (e) Company's website;
  - (f) Investor relations function; and
  - (g) Corporate governance information function.
- 7.1.3 All the Board members shall attend the Annual General Meetings and Extraordinary General Meetings and the Chairmen of the Board Committees shall be available to facilitate the answering of questions from shareholders (*Practice 13.2 of MCCG*).

### 7.2 Other stakeholders

- 7.2.1 In the course of pursuing the vision and mission of the Company, the Board shall be cognisant in recognising the needs and interests of other stakeholders are also taken into consideration.
- 7.2.2 The Board has approved a **Code of Conduct** which commits the employees of the Group to a set of ethical values and standards of conduct.
- 7.2.3 The Board has also approved a **Whistleblowing Policy and Procedure** to encourage employees to report any legitimate concerns over any wrongdoing in the Group relating to unlawful conduct, financial malpractice or dangers to the public or the environment within as well as any suspected and/ or real corruption incidents. In this respect, the policy makes it clear that any such concern can be raised without fear of victimisation, recrimination, discrimination or disadvantage to the employee reporting the concern. It provides a formal channel to encourage and enable employees to report serious concerns or incidents so that such concerns or incidents can be properly addressed [*Paragraph 4.1.1(iv) and Paragraph 4.3.1(b)(i) of the Guidelines on Adequate Procedures*].

## 8.0 Diversity Policy

- 8.1 The Board acknowledges the importance of boardroom diversity and the recommendation of the Malaysian Code on Corporate Governance pertaining to the establishment of a diversity policy.
- 8.2 The Company adopts a policy of non-discrimination on the basis of race, age, religion and gender. Thus, the Board encourages a dynamic and diverse composition by nurturing suitable and potential candidates equipped with competency, skills, experience, character, time commitment, integrity and other qualities in meeting the future needs of the Company.

Refer to Appendix A for Diversity Policy

## **9.0 Strategies and Policies**

- 9.1** The Board oversees the Company's Strategies and Policies as a whole. This includes the Succession Planning Policy (Appendix B) and other significant pronouncements recommended under MCGG.
- 9.2** The Succession Planning Policy ensures the continuity of Management and leadership in the Company.

## **10.0 Disclosure and conflict of interest**

- 10.1** The Constitution of the Company stipulates that every Director shall comply with the provisions of Sections 221 and 219 of the Companies Act 2016 in connection with the disclosure of the following:
- (a) interest in shares, debentures, participatory interests, rights, options; and
  - (b) interest in any contract or proposed contract with the Company.
- 10.2** The guidelines for the Board and its Directors on conflict of interest are, among others, the following:
- (a) Directors must act in good faith at all times, where believing to be in the best interest of the Company. The definition of "interest" shall bear the meaning provided in Section 8 of the Companies Act 2016;
  - (b) Directors have a general duty to make disclosure by giving written notice within a stipulated period of the Company of such events and matters relating to themselves as may be necessary or expedient to enable the Company or its officers to comply with the Companies Act (or similar legislation) and other relevant legislative requirements; and
  - (c) No director may vote in respect of any other contract or proposed contract or arrangement in which he is interested, directly or indirectly, nor any contract or proposed contract or arrangement with any other company in which he is interested, directly or indirectly, either as an officer of that other company or as a holder of shares or other securities in that other company.

## **11.0 Administration**

### **11.1 Mandate of the Charter**

- 8.1.1 The Board and individual Board members shall also endeavor to comply at all times with the principles and practices set out in this Charter.

### **11.2 Review of the Charter**

- 8.2.1 This Charter has been approved by the Board. Any amendments to the Charter has to be approved by the Board.
- 8.2.2 The Board Charter will be reviewed periodically and updated in accordance with the needs of the Company and any new regulation that may have an impact on the discharge of the Board's responsibilities.

### **11.3 Publication of the Charter**

- 8.3.1 Any updates to the provisions, principles and practices set out in this Charter will be made available on the Company's website at [www.tmcclife.com](http://www.tmcclife.com)