

**COMPUGATES®**

**COMPUGATES HOLDINGS BERHAD**

**BOARD CHARTER**

**Review on 17 April 2018**

## BOARD CHARTER

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## **1. INTRODUCTION**

The Directors of Compugates Holdings Berhad (“CHB” or “the Company”) regard Corporate Governance as vitally important to the success of CHB’s business and are unreservedly committed to apply 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:-

- 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.
- All Board members are expected to act in a professional manner, thereby upholding the core values of integrity and enterprise with due regards to their fiduciary duties and responsibilities.
- This Board Charter shall continue and form an integral part of each Directors’ duties and responsibilities.

## **2. OBJECTIVES**

The objectives of this Board Charter is 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 of and on behalf of the Company.

## **3. THE BOARD**

### **3.1 COMPOSITION**

- The Regulations governing the management of CHB are found in the Company’s Articles of Association which stipulates among others, the appointment and number of Directors, the election of a Chairman of the Board; who will preside at all Board meetings, the appointment of CEO/Managing Director and rotation of Directors, etc.
- In accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company must ensure that at least 2 directors or 1/3 of the board of directors of the Company, whichever is the higher, are independent directors.
- The Board is the Company’s decision-making body. It is therefore imperative that the Board should be sized in a manner most effective to facilitate decision-making and deliberation processes.
- A strong and independent element on the Board should be present to exercise independent objective judgement on the corporate affairs of the Company. No individual

or small group of individuals should be allowed to dominate the Board's decision-making process.

### **3.2 BOARD STRUCTURE**

- As part of its efforts to ensure the effective discharge of its duties, the Board has delegated certain functions to certain Committees with each operating within its clearly defined terms of reference.
- The Board has established the following Committees to assist the Board in the execution of its duties:-
  - (a) Audit Committee
  - (b) Remuneration Committee
  - (c) Nomination Committee
  - (d) Risk Management Committee
- The roles and responsibilities of the Committees are set out in the Terms of Reference of each Committees.
- The Board can establish ad hoc Committees.
- The Chairman of the various Committees will report to the Board on the key issues deliberated and the outcome of the Committee meetings.

### **3.3 ROLE AND RESPONSIBILITIES OF THE BOARD**

#### **3.3.1 ROLE OF BOARD**

- The Board is in charge of 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 Group are managed.
- The Board convenes meeting at least once every quarter to facilitate the discharge of their responsibilities. Members of the management who are not Directors may be invited to attend and speak at meetings on matter relating to their sphere of responsibilities.
- Duties of the Board includes establishing the corporate vision and mission, as well as the philosophy of the Company, setting the aims of the management and monitoring the performance of the management.
- The functions of the Board is to:
  - (a) Monitor the compliance with all relevant statutory and legal obligations.
  - (b) Review and set the Group's strategic plan and direction and ensure that resources are available to meet its objectives.
  - (c) Supervise the operations of the Group to evaluate whether established targets are achieved.

- (d) Identify principal risks and ensure the implementation of appropriate systems to manage these risks.
- (e) Promote better investor relations and shareholders' communication.
- (f) Ensure the Group's core values, vision and mission and shareholders' interests are met.
- (g) Review the adequacy and the integrity of the Group's internal control systems including systems for compliance with applicable laws, regulations, rules, directives and guidelines.
- (h) Establish such committees, policies and procedures to effectively discharge the Board's roles and responsibilities.
- (i) Initiate a Board self-evaluation program and follow-up action to deal with issues arising and arrange for directors to attend courses, seminars and participate in development programs as the Board judges appropriate.
- (j) Ensure that the Company has appropriate corporate governance structure in place including standards of ethical behaviour and promoting a culture of corporate responsibility.

### **3.3.2 ROLE OF CHARIMAN**

- The roles of the Chairman and Chief Executive Officer are strictly separated.
- The Chairman is responsible for:-
  - (a) leadership of the Board.
  - (b) overseeing the effective discharge of the Board's supervisory role.
  - (c) facilitating the effective contribution of all directors.
  - (d) conducting the Board's function and meetings.
  - (e) briefing all the directors in relation to issues arising at meetings.
  - (f) scheduling regular and effective evaluations of the Board's performance.
  - (g) promoting constructive and respectful relations between Board members, and between the Board and the Management.
  - (h) ensuring compliance with all relevant regulations and legislation.

### **3.3.3 ROLE OF GROUP CHIEF EXECUTIVE OFFICER**

- The Group Chief Executive Officer is responsible for:-
  - (a) strategic business direction, plans and policies of the Group.
  - (b) the efficient and effective operation of the Group.
  - (c) day-to-day management of the Group with all powers, discretions and delegations authorised, from time to time, by the Board.
  - (d) bringing material matters to the attention of the Board in an accurate and timely manner.
  - (e) accountable and responsible for the Group's operations and financial performance.
  - (f) develop an organisational structure with the necessary succession planning.
  - (g) promote communications internally and externally for the Group as the chief communicator by monitoring the goals, visions, missions and challenges.
  - (h) maintain a friendly environment and develop organisation culture, values and reputation in its markets.

### **3.4 DIRECTORS' REMUNERATION**

- The Board will determine the level of remuneration of Board Members, taking into consideration the recommendations of the Nomination and Remuneration Committee.
- Non-Executive Board Members will be paid a basic fee as ordinary remuneration and they will also be paid a sum based on their responsibilities in Board committees and for their attendances at meetings.
- The fee which is subject to the approval of the shareholders, shall be fixed in sum and not by a commission or on percentage of profits/turnover.

### **3.5 BOARD AND MEMBER ASSESSMENT**

- The Chairman keeps under review, informally, the contributions made by Board Members.
- The Nomination and Remuneration Committee is given the task to review annually the activities and effectiveness of the Board and the Board Members.
- The Chairman of the Nomination and Remuneration Committee oversees the overall evaluation process.
- The Nomination and Remuneration Committee is required to report annually an assessment of the Board's and its committees' performance. The assessment report together with the report on the Board balance (required mix of skills and experience and other qualities) will be discussed with the full Board. This exercise is carried out after the end of each financial year or such other time as may be deemed appropriate.

### **3.6 RELATIONSHIP OF THE BOARD WITH THE MANAGEMENT**

#### **3.6.1 ACCESS TO MANAGEMENT AND INFORMATION**

- Board Members should be given unrestricted access to the Group's Management and to the information pertaining to the Company and/or Group including from the Company and/or Group's auditors and consultants.
- Board Members must use proper judgement to ensure that the contact is not distracting to the business operations of the Group and function of Management. Any such contact must be made through the Group Chief Executive Officer.

#### **3.6.2 POSITION OF CHIEF EXECUTIVE OFFICER**

- The Board will link the Company's governance and management functions through the Chairman with the Chief Executive Officer.

- All Board authority conferred on Management is delegated through the Chief Executive Officer so that the authority and accountability of management is considered to be the authority and accountability of the Chief Executive Officer so far as the Board is concerned.

### **3.6.3 ACCOUNTABILITY OF CHIEF EXECUTIVE OFFICER**

- The Chief Executive Officer is accountable to the Board for the achievement of the Company's goals.
- The Chief Executive Officer shall be the head of the Management of the Company and the Group and in that capacity is answerable to the Board.

### **3.7 RELATIONSHIP BETWEEN THE BOARD AND SHAREHOLDERS, INSTITUTIONAL INVESTORS, PRESS, CUSTOMER, ETC**

- 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.
- 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.
- The Company's website provides easy access to corporate information pertaining to the Company and its activities and is continuously updated.

### **3.8 RELATIONSHIP WITH OTHER STAKEHOLDERS**

- In the course of pursuing the vision and mission of the Company, the Board recognizes 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.
- It is the Company's responsibility to integrate ethical practices into all aspects of the business operations to ensure long-term sustainability of business.
- The Company encourages the practice of high ethical standards and to upgrade the level of Corporate Conduct to cover 4 main criteria as follows:-
  - (a) Market Place
    - The Company is committed to uphold the corporate responsibility practices and to enhance the economic responsibilities by creating a good return to safeguard its shareholders' investment.
    - The Company is responsible to strive to develop and provide products and services which offer value in terms of price, quality, safety and environmental impact.
    - The Company acknowledges the importance of good corporate governance and ensures adherence to the MCCG and to comply with all listing requirements, rules and regulations.

- (b) Work Place
  - The Company acknowledges that the employees are invaluable assets and play a vital role in achieving the vision and mission of the Company.
  - 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, conducive and healthy working environment for all employees; and
    - (ii) Industrial relations with the objectives of managing employees' welfare and well-being in the workplace.
- (c) Environment
  - The Company acknowledges the need to safeguard and minimise the impact to the environment in the course of achieving the Company's vision and mission.
  - The Company adopts comprehensive and documented policies and procedures as part of its commitment to protect the environment and to contribute towards sustainable development.
  - The Company supports initiatives on environmental issues.
- (d) Community
  - Company shall play a vital role in contributing towards the welfare of the community in which it operates.
  - The Company supports charitable causes and initiatives on community development projects.

### **3.9 COMPANY SECRETARY**

- The Board appoints the Company Secretary, who plays an important advisory role, and ensures that the Company Secretary fulfils the functions for which he/she has been appointed.
- The Company Secretary is responsible for ensuring that Board procedures are followed, that the applicable rules and regulations for the conduct of the affairs of the Board are complied with and for all matters associated with the maintenance of the Board or otherwise required for its efficient operation.
- The Board members have unlimited access to the professional advice and services of the Company Secretary.

## **4 MEETINGS**

### **4.1 BOARD MEETING**

- Meetings will be conducted at a regular intervals throughout the year. A timetable will be prepared and circulated to all required to attend the meeting.
- The quorum for a Board Meeting is a minimum of 2 members, present in person.



- Proceedings of all meetings are minuted and signed by Chairman of the meeting. Minutes of all Board meetings are circulated to the directors and approved by the Board at the subsequent meeting.
- Actions on all matters arising from any meeting are reported at the following meeting.
- The Board may invite external parties such as auditors (both internal and/or external auditors), solicitors or consultants as and when the need arises. Such invited parties may attend part or all of the Board Meeting at the discretion of the Board.

#### **4.2 ANNUAL GENERAL MEETING (AGM)**

- 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.
- The Chairman and, where appropriate, the CEO 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.

#### **4.3 EXTRAORDINARY GENERAL MEETING (EGM)**

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