



# Board Charter

No.	Items	Details
1.	Introduction	<p>a) This Board Charter is subject to the provisions of the Companies Act 2016 (“Companies Act”), the Memorandum &amp; Articles of Association (“M &amp; AA”) of TDM Berhad (“TDM” or “the Company”), the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia”), the Malaysian Code on Corporate Governance 2017 (“MCCG”) and any other applicable law or regulatory requirements.</p> <p>b) The Board of Directors (“Board”) is accountable and responsible for the governance, performance and strategic direction of the Company and its subsidiaries (“TDM Group”). All Board members are expected to provide leadership and direction to Group, as well as overseeing the management and guiding strategic direction and policy.</p>
2.	Purpose	<p>a) The purpose of the Board Charter is to set out the roles, duties and responsibilities as well as the composition and processes to enable all Board members, to be aware of their duties and responsibilities at all times.</p> <p>b) The Board Charter also serves as a comprehensive guide for prospective or new Board members to understand their roles and responsibilities and the commitment of time and contribution expected of them.</p> <p>c) This Board Charter is subject to the relevant provisions of the Companies Act 2016, the Company’s Articles of Association (“Articles”), the Listing Requirements of Bursa Malaysia, the recommended principles and practices of the Malaysian Code on Corporate Governance (“MCCG”), as considered appropriate, and any other applicable laws or regulatory requirements.</p> <p>d) This Board Charter is not an “all inclusive” document and should be read as a broad expression of principles. The Board Charter will be reviewed on a periodic basis and may be amended by the Board from time to time.</p>

No.	Items	Details
3.	Board size and composition	<p>a) The size of the Board is governed by the Company's Articles which provides that the number of directors shall not be less than two (2) and not more than sixteen (16).</p> <p>b) At any one time, one third (1/3) shall be Independent Directors. If the number of directors is not three (3) or a multiple of three (3), then the number nearest to one third (1/3) shall apply. In the event of any vacancy in the Board of Directors, resulting in non-compliance with the requirement to have the required number of majority Independent Directors, the vacancy must be filled within three (3) months, from the date of non-compliance.</p> <p>c) The Directors shall have power at any time, and from time to time, to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, provided the total number of Directors shall not exceed the number fixed in the Company's Articles.</p> <p>Any Director so appointed shall hold office only until the next following annual general meeting, and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.</p> <p>d) The Board shall strive to achieve an optimum balance and dynamic mix of competencies and diverse skill sets amongst its Board members. In seeking potential candidate(s) for new appointments, the Board shall take into account the various diversity factors including ethnicity and gender of the Directors to strengthen the Board composition.</p>
4.	Board Appointments	<p>a) TDM has in place formal and transparent procedures for the appointment of new Directors. These procedures ensure that all nominees to the Board are first screened by the Nomination &amp; Remuneration Committee (NOMREM), taking into account the required mix of skills and experience and other qualities, prior to recommendation to the Board.</p>

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		<p>b) The appointment of a new Director is a matter for consideration and decision by the full Board upon appropriate recommendation from the NOMREM.</p> <p>c) In making these recommendations, the NOMREM will consider the required mix of skills, experience, core competencies, other qualities and diversity in terms of gender, ethnicity and age, which the Directors bring to the Board.</p> <p>d) New Directors are expected to have such expertise so as to qualify them to make positive contribution to the Board performance of its duties and to give sufficient time and attention to the affairs of the Company.</p> <p>e) All Directors shall notify the Chairman before accepting any new external directorship in listed companies and the notification shall include the indication of time that will be spent on the new appointment.</p> <p>f) The Company conducts an induction programme for newly-appointed Directors. The induction programme aims at communicating to the newly-appointed Directors, the Company's vision and mission and nature of business, current issues within the Company, the corporate strategy and the expectations of the Company concerning input from Directors.</p>
5.	Number of Directorships	<p>A Director of TDM Berhad must not hold more than 5 directorships in listed issuers. This is to ensure Director's commitment, resources and time are focused to enable him to discharge his duties more effectively. Director must notify the Company on the changes of other directorships and particulars.</p>
6.	Directors' Training and Continuing Education	<p>In addition to the Mandatory Accredited Programme as required by the 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.</p>

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		<p>The Company will identify relevant 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.</p> <p>The Board will assess the training needs of the Directors and disclose in the Annual Report the trainings attended by the Directors.</p>
7.	Qualification of Director	<p>The office of a Director shall become vacant if the Director</p> <ul style="list-style-type: none"> <li>a) becomes disqualified from being a Director under Sections 198 or 199 of the Companies Act 2016;</li> <li>b) resigns his office by notice in writing to the Company;</li> <li>c) ceases to be or is prohibited from being a Director by virtue of the Companies Act 2016 or the Bursa Securities Listing Requirements;</li> <li>d) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental disorder;</li> <li>e) is removed from his office as Director by ordinary resolution of the Company in a general meeting of which special notice has been given in accordance with Section 206(3) of the Companies Act 2016;</li> <li>f) if becomes bankrupt or makes any arrangement or composition with his creditors generally; or</li> <li>g) is absent from more than 50% of the total Board of Directors' meetings held during a financial year.</li> </ul>
8.	Re-election	<p>The Articles of the Company provides that at least one-third (1/3) of the Directors are subject to retirement by rotation at each Annual General Meeting and that all the Directors shall retire once in every three years.</p> <p>A retiring Director is eligible for re-election. The Articles also provides that a Director who is appointed by the Board during the financial year shall be subject to re-election at the next Annual General Meeting to be held following his appointment</p>

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9.	Duty to Disclose Interest	Every Director who may have direct or indirect interest in any contract or proposed contract or arrangement with the Company and/or Group shall immediately declare his interest to the Board and shall not participate in deliberations and shall abstain himself from casting his votes in any matter arising therefrom.
10.	Directors	<p>A Director shall at all times exercise his powers for a proper purpose and in good faith in the best interest of the Company and shall act honestly and use reasonable care, skill and diligence in the discharge of the duties of his office and shall not make use of any information acquired by virtue of his position to gain directly or indirectly an improper advantage for himself or for any other person or to cause detriment to the Company.</p> <p>A Director shall at all times avoid conflict of interest, and shall as soon as practicable after the relevant facts have come to his knowledge, declare the nature of his interest at a meeting of the Directors of the Company. Every Director shall give notice to the Company of such events and matters relating to him as may be necessary or expedient to enable the Company and its officers to comply with the requirements of the Companies Act 2016.</p>
10.	Independent Director	<p>An Independent Director means a Director who is independent of management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of the Company.</p> <p>The tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years term, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director.</p> <p>The Board must justify and seek shareholders' approval in the event it intends to retain a person who has served in the capacity as an Independent Director for more than nine (9) year.</p>
11.	Non-Executive Directors	Non-Executive Directors are persons of caliber, credibility and have the necessary skills and experience to bring an independent judgement to bear on the issues of strategy, performance and resources, including key appointments and standard of conduct.

No.	Items	Details
		<p>For the purpose of discharging the roles and responsibilities as a Director, Non-Executive Directors:</p> <ul style="list-style-type: none"> <li>a) are required to make an independent assessment of the information, reports or statements, having regard to the directors' knowledge, experience and competency, to provide an independent view and demonstrate objectivity in reviewing and challenging the Management's proposal at meetings;</li> <li>b) act as a channel of communication between Management, shareholders and other stakeholders, and provide the relevant checks and balances, focusing on shareholders' and other stakeholders' interests and ensuring that high standards of corporate governance are applied; and</li> <li>c) are expected to commit to their responsibility to the Company, including in the exercise of their fiduciary and leadership roles. All Directors are required to consult the Chairman before accepting new directorship in any other public listed company.</li> </ul>
12.	Roles & Responsibilities	<p>The role of the Board is to provide leadership, policy directions and strategic guidance for TDM and its subsidiary companies, as well as supervising the implementations of TDM strategic initiatives and plan.</p> <p>In line with the MCCG, the Board should assume the following principal responsibilities:-</p> <ul style="list-style-type: none"> <li>a) Set the corporate values and promote good corporate governance culture within the Group which reinforces ethical, prudent and professional behavior and ensure that its obligations to shareholders and other stakeholders are met</li> <li>b) Review, challenge and decide on Management's proposals for the Company, monitor the implementation by Management</li> <li>c) Set the strategic aims of the Group and ensure that the strategy and business plan of the Group supports long-term value creation and promote sustainability taking into consideration the economic, environmental and the social aspect.</li> </ul>

No.	Items	Details
		<p>d) Oversee the conduct of the Group’s business and operations, and ensure the businesses are being properly managed</p> <p>e) Ensure the adequacy and integrity of the Group’s internal controls and management systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines</p> <p>f) Understand the principal business risks and recognise that business decisions involve the taking of appropriate risk</p> <p>g) Set the risk appetite within which the Board expects Management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks</p> <p>h) Ensure that all members of the Board and the Management Team are of sufficient caliber including having in place a process to provide for the orderly succession of the Board and the Management Team</p> <p>i) Ensure the Company has in place procedures to ensure effective communication with, and appropriate disclosure to, its shareholders and other stakeholders; and</p> <p>j) Ensure the integrity of the Company’s financial and non-financial reporting.</p>
13.	Matters reserved for the Board	<p>Matters reserved for the Board deliberation and decision include the following:-</p> <p>a) <u>Strategic &amp; Operational</u></p> <ul style="list-style-type: none"> <li>• Business strategy, performance targets, annual budget and changes to the plan / targets.</li> <li>• Emerging business issues and challenges arising from regulatory changes and changes in business environment.</li> </ul>

No.	Items	Details
		<ul style="list-style-type: none"> <li>• Material transactions / major investments / major capital expenditure, acquisition / disposal of a business or assets in excess of the authority limits delegated to Management.</li> <li>• Related party transactions.</li> <li>• Company's position in respond to adverse publicity / rumours concerning the Company.</li> <li>• Changes to management and control structure of the Group, including key policies and authority limits.</li> <li>• Implementation of corporate governance policies and practices.</li> <li>• Sustainability strategy and initiatives.</li> </ul> <p>b) <u>Financial</u></p> <ul style="list-style-type: none"> <li>• Financing facilities and banking arrangements including changes to authorised signatories and approval limit.</li> <li>• Payment of dividends.</li> <li>• Release of financial results announcement and approval of audited financial statements.</li> </ul> <p>c) <u>Conduct of the Board</u></p> <ul style="list-style-type: none"> <li>• Appointment of Chairman and Directors.</li> <li>• Establishment of Board Committees, their membership and delegated authorities and changes to the Board and Board Committees composition.</li> <li>• Assessment of performance of the Board and Board Committees.</li> <li>• Appointment of key management positions.</li> <li>• Appointment of Company Secretary</li> </ul>

No.	Items	Details
		<p>d) <u>Remuneration &amp; Succession Planning</u></p> <ul style="list-style-type: none"> <li>• Remuneration policy and package for Non-Executive Directors and recommendation of the fees to shareholders for approval based upon recommendation of the NOMREM.</li> <li>• Succession planning for the Board of Directors and the Management Team.</li> </ul> <p>The Board is supported by the Company Secretary to provide sound governance advice, ensure adherence to regulatory requirements, codes, guidance and legislations and advocate adoption of corporate governance best practices.</p>
14.	Chairman	<p>The Chairman of the Board is primarily responsible for the orderly conduct and functioning of the Board and ensure its effectiveness on all aspects of its roles.</p> <p>The Chairman of the Board shall also act as Chairman at all Board Meetings and general meetings. In the absence of the Chairman in any meeting, the remaining Board members present shall elect one of themselves to chair the meeting in accordance with the provisions set out in the Company's Articles.</p>
15.	Responsibilities of the Chairman	<p>The responsibilities of the Chairman include, but are not limited to, the following:-</p> <ol style="list-style-type: none"> <li>a) To provide leadership to the Board and oversee the Board in the effective discharge of its fiduciary duties.</li> <li>b) To set the agenda for Board Meetings and ensure efficient and effective conduct of the Board Meetings.</li> <li>c) To ensure that complete and accurate information to facilitate decision-making are provided to the Board members in a timely manner.</li> </ol>

No.	Items	Details
		<ul style="list-style-type: none"> <li>d) To lead Board Meetings and encourage active participation and allow dissenting views to be freely expressed.</li> <li>e) To promote constructive and respectful relations between Board members and manage the interface between the Board and Management</li> <li>f) To ensure that appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole; and</li> <li>g) To lead the Board in establishing and monitoring good corporate governance in the Company.</li> </ul>
16.	Separation of Functions between the Chairman and the Group CEO	<ul style="list-style-type: none"> <li>a) The roles of the Chairman and the Group CEO are distinct. The distinct and separate roles of the Chairman and Group CEO with a clear division of responsibilities, ensures a balance of power and authority, such that no one individual has unfettered powers of decision-making.</li> <li>b) The responsibilities of the Chairman include leading the Board in its collective oversight of Management.</li> <li>c) The Group CEO shall be appointed by the Board to implement the policies and strategies approved by the Board for the purposes of running the business and the day-today management of the Company. The Group CEO is supported by a Management Team.</li> <li>d) The positions of Chairman and Group CEO should be held by different individuals, and the Chairman must be a non-executive member of the Board.</li> <li>e) A former CEO of TDM Berhad shall not be appointed as Chairman of TDM Berhad within three years after his end of service.</li> </ul>

No.	Items	Details
17.	Group CEO	<p>The Group CEO has overall responsibility over the operating units, organisational effectiveness and implementation of Board policies and decisions within the DAL approved by the Board. He must ensure that the management must respect and know the power and authority vested on to the Board.</p> <p>The Group CEO is the conduit between the Board and the Management in ensuring the success of the Group's governance and management functions.</p> <p>The role of the Group CEO is as follows:</p> <ul style="list-style-type: none"> <li>a) Meet regularly with the Board, with due notice of issues to be discussed and follow the decisions in the discharge of his duties and responsibilities.</li> <li>b) Develop and discuss with the Board annual business plans and budgets that support the Company's long-term strategy and vision. In addition, the Group CEO is responsible for achieving the Company's financial and operational goals and objectives, maintaining a satisfactory competitive position within its industry and ensuring continuous improvement in the quality and value of the products and services provided by the Company.</li> <li>c) Based on the policy and strategy plans adopted by the Board, formulate and oversee the implementation of major corporate policies, run the day-to-day business.</li> <li>d) Ensure that the Company has an effective Management Team and has an active plan for its development and succession in accordance to approval by the Board.</li> <li>e) Foster a positive corporate culture that promotes ethical practices, encourage individual integrity and fulfils social responsibility to attract, retain and motivate a diverse group of top-quality employees at all levels.</li> <li>f) Liaise with the Chairman and carry out such duties as directed by the Board.</li> </ul>

No.	Items	Details
18.	Meeting	
18.1	Notice of Meeting	<p>a) Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Chairman.</p> <p>b) The Company Secretary with the concurrence of the Chairman, draw up and circulate the agenda and the notice of meetings together with the supporting explanatory documentation to members prior to each meeting of at least five (5) days before the meeting. However, shorter notice may be issued due to the urgency of the matters that need deliberation by the Board.</p>
18.2	Frequency of Meetings	The Committee shall meet a least four (4) times a year and at such other times as the Chairman shall decide.
18.3	Quorum	<p>a) A quorum for Board Meetings shall be two (2) Directors.</p> <p>b) All or any of the members of the Board, may participate in a meeting either in person or by means of a teleconference, video conference or any other means of electronic communication equipment, capable of recording and recognizing the participation of the members and allows all persons participating in the meeting to communicate with one another. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.</p>
18.4	Attendance at meetings	<p>a) The Group Chief Executive Officer, shall attend the Board meetings to assist in the deliberations and resolution of matters raised.</p> <p>b) Other members of the Management or any other person(s) may attend the Board meeting on the invitation of the Board.</p>
18.5	Minimum Attendance	Each individual member of the Board is required to attend at least 50% of the Committee meetings held in each financial year.
18.6	Decision Making	All decision shall be decided by a majority of votes of the members present, and in the case of equality of votes, the Chairman of the Board shall have a second or casting vote.

No.	Items	Details
18.7	Minutes of Meeting	<p>a. The Secretary shall minute the proceeding and resolutions of all Board meetings including the names of those present and in attendance.</p> <p>b. The minutes of each Board meeting shall be circulated to Board members for approval and adoption at the next Board meeting.</p> <p>c. The original copy of minutes of the Board meeting shall be kept under the custody of the Company Secretary.</p> <p>d. Any inspection of the minutes of meeting and request for the extract minutes by the Regulator, Auditors or Employee should have prior approval from the Head of Legal and Company Secretary.</p>
18.8	Circular Resolution	<p>A resolution in writing signed by a majority of the Directors shall be valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted. All such resolutions shall be described as "Directors' Circular Resolutions" and shall be recorded by the Company Secretary in the Company's Minutes Book.</p>
19.	Board Committees	<p>a) The Board may from time to time establish Committees to assist in carrying out its duties and responsibilities. Where a Committee is formed, specific terms of reference of the committee would be established to cover matters such as the purpose, composition and functions of the committee.</p> <p>b) A number of committees with written terms of reference has been established namely the following:-</p> <p>1) <u>Audit Committee ("AC")</u></p> <p>The AC is responsible for assisting the Board in discharging its responsibilities for monitoring the integrity of the Company's financial statements and the effectiveness of the systems of internal controls and to monitor the effectiveness, performance and objectivity of the internal and external auditors.</p> <p>The terms of reference of the AC is attached under Appendix I</p>

No.	Items	Details
		<p>2) <u>Board Risk &amp; Compliance Committee (“BRCC”)</u></p> <p>The establishment of the BRCC is to assist the Board to effectively discharge its primary responsibilities of identifying principal risks, implementing and ensuring there are appropriate risk assessment system and process within the Group.</p> <p>The terms of reference of the BRCC is attached under Appendix II.</p> <p>3) <u>Nomination and Remuneration Committee (“NOMREM”)</u></p> <p>The establishment of the NOMREM is to assist the Board in nominating new directors, assessing annually the effectiveness of the Board and its Committee, as well as, recommending to the Board the remuneration of the Board of Directors and Senior Management.</p> <p>The terms of reference of the NOMREM is attached under Appendix III.</p> <p>4) <u>Board Tender Committee (“BTC”)</u></p> <p>The establishment of BTC is to further strengthen the Procurement Process of the Company.</p> <p>The terms of reference of the BTC is attached under Appendix IV.</p> <p>5) <u>EXCO</u></p> <p>The EXCO is established by the Board as a medium between the Board, Board Committees and the Management with a primary function and duty to oversee and ensure all Board decisions and instructions to the Management are implemented smoothly and efficiently vis-a-vis to evaluate and make appropriate recommendation to the Board Committees and/or Board on all matters presented to the EXCO by the Management which requires Board’s decision and approval.</p> <p>The terms of reference of the BTC is attached under Appendix V.</p>

No.	Items	Details
20.	Directors' Code of Business Ethics	<p>a) The Board had adopted the Code of Business Ethics ("CoBE") that are applicable to all Directors, Management and employees of the Group, which set forth the ethical and professional standards of corporate and individual behaviour expected to enhance the standard of corporate governance and corporate behaviour.</p> <p>b) The CoBE requires all Directors to observe high ethical business standards and to apply these values to all aspects of the Group's business and professional practices and to act in good faith in the best interest of the Group and its shareholders.</p> <p>c) It also entrusts Board members and employees to apply the principles and practices of good Corporate Governance in all their dealings in respect of and on behalf of the Company; to help foster a culture of honesty and accountability, and uphold the core values of integrity when dealing with ethical issues.</p> <p>The CoBE is published on the Company's website.</p>
21.	Board Evaluation	<p>a) The Board has implemented a process to be carried out by the NOMREM annually for assessing the effectiveness of the Board as a whole, the Committees of the Board, and for assessing the contribution of each individual Director, including Independent Non-Executive Directors, as well as the Chairman.</p> <p>b) The assessment by the NOMREM in respect of the Board, Committees of the Board and individual Directors together with the criteria used for such assessment are to be disclosed in the Annual Report.</p>
22.	Investor Relations and Shareholder Communication	<p>a) TDM is committed to communicate its strategy and activities regularly and clearly to its shareholders. TDM disseminates relevant and timely information to the investors through the Investor Relations website, to keep investors abreast of the Group's strategies, performance updates and key business activities.</p> <p>b) The Board also maintains lines of communications with major shareholders to allow them to convey their concerns over matters related to corporate governance and Group performance.</p>

No.	Items	Details
		<p>c) TDM keeps shareholders informed of the long-term strategies, and discloses short and medium-term events that affect the risk and reward profile of the Company.</p> <p>d) The Board ensure that timely release of financial results on a quarterly basis is made to provide shareholders with an overview of the Company's performance and operations in addition to the various announcements made during the year.</p> <p>e) The Board ensure that an active dialogue with investors through a planned programme of investor relations activities and engagement is maintained.</p> <p>f) A press conference is held after each General Meeting where the Chairman will release a statement on the Company's results and prospects.</p> <p>g) The Company's website, <a href="http://www.tdmberhad.com.my">www.tdmberhad.com.my</a>, provides easy access of communication and source of information on corporate information pertaining to the Company and its activities to shareholders, stakeholders and the general public and is to be continuously updated.</p>
23.	Revision of Board Charter	<p>a) The Board Charter will be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities.</p> <p>b) Any revision or amendment to this Charter shall be presented to the Board for its approval.</p> <p>c) Upon the Board's approval, the said revision or amendment shall form part of this Charter and this Charter shall be considered duly revised or amended.</p>