

**Board Charter**

(Revised on 15 December 2023)

**1. Introduction**

The Board of Directors of Tashin Holdings Berhad (“**the Board**”) recognises its duty of being an effective steward and guardian of the Company in setting strategic directions and overseeing the conduct of business to achieve its goals. In line with these duties and responsibilities, the Board has developed a Board Charter adopting the principles and recommendations prescribed by the Malaysian Code on Corporate Governance and in compliance with the Companies Act 2016.

All Board members are expected to act professionally, thereby upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.

The Board Charter shall constitute and form an integral part of each Director’s duties and responsibilities.

**2. Interpretation**

AGM	: Annual general meeting
Board	: Board of Directors of the Company
Bursa Securities	: Bursa Malaysia Securities Berhad
Chairman	: Chairman of the Board
Company or TASHIN	: Tashin Holdings Berhad
CSR	: Corporate social responsibility
Director(s)	: A member of the Board
Executive Directors	: Directors with executive powers and oversee the day-to-day management of the Company, excluding the MD
Group	: The Company and its subsidiaries
MD	: Managing Director
Independent Director(s)	: A Director who does not participate in the management of the Company and satisfies the criteria for “independence” set out in Bursa Securities LR
Management	: Management personnel of the Company
LR	: ACE Market Listing Requirements
MCCG	: Malaysian Code on Corporate Governance

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**2. Interpretation – Cont'd**

Non-Executive Directors : Directors without executive powers and do not participate in the day-to-day management of the Company

**3. Purposes/Objectives of the Board Charter**

The objectives of the Board Charter are to ensure that the Directors are aware of their roles, duties and responsibilities and the application of principles and practices of good corporate governance in their business conduct and dealings in respect of, and on behalf of the Company and the various laws and legislations governing them and the Company.

**4. The Board (Board Structure)**

**4.1 Roles and Responsibilities of the Board**

- To provide leadership and oversee the overall conduct of the Group's businesses to ensure that the businesses are being properly managed;
- To review and adopt strategic plans for the Group and to ensure that such strategic plans and the risk, performance and sustainability thereon are effectively integrated and appropriately balanced;
- To review and adopt corporate governance best practices in relation to risk management, legal and compliance management and internal control systems to safeguard the Group's reputation, and the employees and assets and to ensure compliance with applicable laws and regulations;
- To ensure that the Company has effective Board committees as required by the applicable laws, regulations, rules, directives and guidelines and as recommended by the MCCG;
- To review and approve the annual business plans, financial statements and annual reports;
- To monitor the relationships between the Group and Management, shareholders and stakeholders, and to develop and implement an investor relations programme or shareholders' communications policy for the Group; and
- To appoint the Board committees, to delegate powers to such committees, to review the composition, performance and effectiveness of such committees, and to review the reports prepared by the Board committees and deliberate on the recommendations thereon.

While the Board may appropriately delegate its authority to Board committees or Management, it shall not abdicate its responsibility and shall at all times exercise collective oversight of the Board committees and Management.

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**4.2 Other Responsibilities**

- Evaluating and approving the major capital expenditures, capital management and all major corporate transactions;
- Succession planning, including appointing, assessing, training, fixing the compensation of and where appropriate, replacing Board and senior Management;
- Establishing a formal schedule of matters reserved for the Board and those delegated to Management and/or Board committees.
- Identifying principal risks of the Company and to ensure the implementation of appropriate internal control and implementation of a proper risk management system; and
- Reviewing the adequacy and integrity of the management information and internal controls system of the Company.

**4.2 Board Composition**

The composition and size of the Board facilitate the decision-making of the Company. Pursuant to Clause 153 of the Constitution of the Company, the Board shall comprise not less than two (2) nor more than twelve (12) Directors.

In accordance with Rule 15.02 of Bursa Securities LR, at least one-third (1/3<sup>rd</sup>) of the Board shall comprise Independent Directors. In the event that the number is not three (3) or in the multiples of three (3), then the number nearest to one-third (1/3<sup>rd</sup>) shall apply. The Board shall comply with Bursa Securities LR as may be amended from time to time in respect of the composition of the Board.

The Executive Directors together with the Management team shall be responsible for making and implementing the operational decisions. The Non-Executive Directors play a key supporting role in contributing their skills, expertise and knowledge towards the formulation of the Group's strategic and corporate objectives, policies and decisions.

**4.3 Board Tenure**

In accordance with Clause 165 of the Constitution of the Company, every newly appointed Director shall hold office only until the next following AGM subsequent to their appointment and shall then be eligible for re-election. Further, one-third (1/3<sup>rd</sup>) of the Board shall retire from office and be eligible for re-election at every AGM and all Directors shall submit themselves for re-election once at least in each three (3) years.

The tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. However, upon completion of the nine (9) years, the Independent Director may continue to serve the Board subject to the Director's re-designation as a Non-Independent Director.

In the event that the Director is to remain as an Independent Director after the ninth (9<sup>th</sup>) year, the Company shall first justify the Director's independence and obtain annual shareholders' approval.

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

**4.4 Nomination and Appointment**

The appointment of a new Director is a matter for consideration and decision by the full Board upon appropriate recommendation from the Nomination Committee.

Directors are required to notify the Chairman before accepting any new directorship and to indicate the time expected to be spent on the new appointment.

The directorships held by any Director shall not exceed five (5) listed companies pursuant to Bursa Securities LR.

**4.5 Role of Chairman**

The Company aims to ensure a balance of power and authority between the Chairman and MD with a clear division of responsibility between the running of the Board and the Company's business respectively. The positions of the Chairman and the MD are separately and clearly defined.

The Chairman is responsible for the overall leadership and efficient operation of the Board. The key roles of the Chairman, amongst others, are as follows:

- Leading the Board in setting the values and standards of the Company and the Group;
- Ensuring the provision of accurate, timely and clear information to the Directors;
- Ensuring the integrity and effectiveness of the governance process of the Board;
- Arranging regular evaluations of the performance of the Board, its committees and individual Director;
- Facilitating the effective contributions of the Directors; and
- Performing other responsibilities assigned by the Board from time to time.

The Chairman, in consultation with the MD and the Company Secretaries, sets the agenda for Board meetings and ensures that all relevant issues are on the agenda.

**4.6 Role of MD**

The MD is the communication channel between the Board and Management in ensuring the success of the Group's governance and management functions. The key duties and responsibilities of the MD are as follows:

- Developing the strategic direction of the Group, with consultation and approval of the Board;

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- Ensuring the effective implementation of the Group’s business plan and policies established by the Board to achieve the corporate objectives;
- Accountable for overseeing the day-to-day operations to ensure the smooth and effective running of the Group;
- Monitoring performance results against the business plan; and
- Ensuring compliance with governmental procedures and regulations.

**4.7 Senior Independent Director**

The Board shall appoint a senior Independent Director whose role is to act as:

- A sounding board for the Chairman;
- An intermediary for other Directors when necessary; and
- The point of contact for shareholders and other stakeholders.

**4.8 Expectations of Individual Directors**

- Each Director must always act within any limitations imposed by the Board on its activities.
- Directors will use their best endeavours to attend Board meetings where each Director shall commit the time to attend at least 50% of all Board meetings and Board committees meetings where he/she is part of the Board committees in any applicable financial year with appropriate leave of absence notified to the respective Chairman of the Board or Board committees.
- Each Director is expected to participate fully and constructively in Board discussions and other activities to bring the benefit of their particular knowledge, skills and abilities to the Board.
- Each Director is expected to strictly observe confidentiality of the Company’s information, and refrain from making improper use of information gained through his/her position as Director for his/her own interest, or his/her employer’s interest, if applicable.
- Each Director shall commit to providing his/her relevant expertise and advice in the best interest of the Company.

Each Director shall abide by the fiduciary and statutory duties and responsibilities of a Director as prescribed under Subdivision 3 of Division 2 of the Companies Act 2016 and Bursa Securities LR.

**4.9 Management Limitations**

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

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- The MD is expected not to cause or permit any practice, activity or decision that is contrary to generally accepted good business practice or professional ethics.
- The MD is expected to take into consideration the Company goals in allocating the capital and resources of the Company.
- The MD is expected not to cause or permit any action without taking into account the health, safety, environmental and political consequences and their effect on long-term shareholder value.
- The MD is expected not to cause or permit any action that is likely to result in financial distress of the Company.
- The MD is expected to ensure the assets of the Company are adequately maintained and protected, and not unnecessarily placed at risk. In particular, the Company must be operated with a comprehensive system of internal control, and assets of funds must not be received, processed or disbursed without controls that, as a minimum, are sufficient to meet standards acceptable to the Company's external auditors.
- The MD is expected not to permit the employees and any other parties working for the Company to be subject to treatment or conditions that are undignified, inequitable, unfair or unsafe.
- The MD is expected not to cause or permit payments to be made or rewards given unless they are in return for contributions towards the purposes of the business and are proportional to the extent that the contribution in question has furthered such purposes.

**5. Board Processes/Meetings**

**5.1 Frequency**

The Board schedules at least four (4) meetings a year at quarterly intervals with additional meetings convened whenever urgent or important matters and decisions are required.

**5.2 Agenda and Meeting Papers**

The notice of the Board meeting and the supporting board papers should be given at least five (5) days in advance at each Board meeting and all Directors are expected to review in advance any such materials in order to facilitate meaningful deliberation during each meeting.

**5.3 Minutes**

All deliberations of the issues discussed and the decision thereof are minuted and signed by the Chairman of the subsequent meeting after being confirmed by the Board.

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**5.4 Access to Information and Independent Professional Advice**

The Board shall be supplied with appropriate and timely information to enable it to discharge its duties. The board papers are to be comprehensive and include all necessary information so that informed decisions can be made. The Board may also request additional information whenever it deems necessary or appropriate. Management is invited to the Board meetings to furnish clarification on certain issues.

All Directors have access to the professional advice and services of its qualified Company Secretaries in the course of discharging their duties and responsibilities on matters relating to procedures governing the Company which include the Companies Act 2016, Bursa Securities LR and other applicable laws, rules and regulations, either as a full Board or in their individual capacity.

The Directors may take independent professional advice, whenever necessary and in appropriate circumstances, either individually or collectively on any matter connecting with the discharge of their responsibilities at the expense of the Company.

**5.5 Induction Process**

The objective of the induction process is to provide Directors with a rapid and clear insight into the Group as well as keep them abreast with developments in the marketplace pertaining to the oversight function of the Directors. This will enable the Directors to discharge their duties and responsibilities effectively.

**6. Board Governance**

**6.1 Conflict of Interest – Directors’ Shareholdings**

All Directors, whether directly or indirectly which include spouses or other family members, have an interest in a contract or proposed contract with the Company and/or its subsidiaries, shall declare his/her interest in accordance with the provision of the Companies Act 2016 and Bursa Securities LR. The Director concerned shall not participate in deliberations and shall abstain himself/herself from voting in any matters arising thereof.

**6.2 Compliance with Rules and Regulations**

The Board understands that the responsibility for good corporate governance rests with them and therefore strives to follow the principles and recommendations stated in MCCG. The Board includes a narrative statement in its Company’s annual report on the extent of compliance with the principles and recommendations of MCCG pursuant to Bursa Securities LR.

**7. Board Committees**

All committees have terms of reference which have been approved by the Board.

The Board can establish other committees on an ad hoc basis as and when required.

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**7.1 Audit Committee**

The Audit Committee of the Company shall consist of not fewer than three (3) Independent Directors which is in line with the MCCG and Bursa Securities LR whereby the Audit Committee shall consist exclusively of Non-Executive Directors, with a majority of them being Independent Directors.

All members of the Audit Committee shall be financially literate and at least one (1) member of the Audit Committee must fulfill the conditions as set out under Rule 15.09(1)(c) of Bursa Securities LR.

The Audit Committee has a policy that requires a former partner of the external audit firm of the Company<sup>1</sup> to observe a cooling-off period of at least three (3) years before being appointed as a member of the Audit Committee.

The principal objective of the Audit Committee is to assist the Board in discharging its statutory duties and responsibilities relating to the overseeing of the accounting and financial reporting practices of the Group.

**7.2 Nomination Committee**

The Nomination Committee shall consist exclusively of Non-Executive Directors, with a majority of them being Independent Directors.

The principal objective of the Nomination Committee is to assist the Board in its responsibilities in nominating new nominees to the Board and Board committees.

**7.3 Remuneration Committee**

The Remuneration Committee shall consist exclusively of Non-Executive Directors, with a majority of them being Independent Directors.

The primary objective of the Remuneration Committee is to assist the Board in its responsibilities concerning the remuneration packages for the Executive Directors (including MD) and key senior management personnel.

**7.4 Risk Management Committee**

The Risk Management Committee shall consist of no fewer than three (3) members, with a majority of them being Independent Directors.

The Risk Management Committee is responsible for overseeing the risk management matters relating to the activities of the Group. It assists the Board to fulfil its responsibilities with regard to risk management in order to manage the overall risk exposure of the Group.

The Risk Management Committee is also responsible for overseeing the compliance function and monitoring the overall compliance of the Group.

<sup>1</sup> This applies to all former partners of the audit firm and/or the affiliate firm (including those providing advisory services, tax consulting, etc.)



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**7.5 Sustainability Committee**

The Sustainability Committee shall consist of not fewer than two (2) members with at least one (1) Non-Executive Director and the majority of them being Independent Directors.

The Sustainability Committee is to assist the Board in fulfilling its oversight responsibilities concerning the Company's sustainability strategy and initiatives covering economic, environmental, social and governance aspects as well as embedding sustainability practices into the businesses.

**8. Directors' Training**

In addition to the Mandatory Accreditation Programme (Part I and Part II), as required by Bursa Securities LR, the Directors shall continue to undertake relevant training courses to keep abreast with developments in the capital market, relevant changes in laws and regulations and corporate governance matters to enhance their existing skills and knowledge in the discharge of their responsibilities.

The Board shall disclose in the annual report the trainings attended by the Directors.

**9. Directors' Remuneration**

The Remuneration Committee is responsible for recommending to the Board the remuneration framework and packages of all Executive Directors. The Directors concerned shall abstain from deliberations and voting on their own remuneration.

The performance of Directors is measured by the Directors' contribution to both the Board and the Company.

The Executive Directors' remuneration is structured according to the skills, experience, responsibilities and performance of the Executive Directors as well as incorporating any market adjustment requirement.

**10. Company Secretaries**

The Company Secretaries' primary role is to advise the Board and its committees on issues relating to compliance with Bursa Securities LR, laws, rules, procedures and regulations affecting the Company and the Group.

The appointment and removal of the Company Secretaries is a matter for the Board as a whole.

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**11. Board-Shareholders Relationship - Communication / Investors Relations / AGM**

The Board shall maintain an effective communications policy that enables both the Board and Management to communicate effectively with its shareholders, stakeholders and the general public.

The Board is to ensure that the AGM of the Company is conducted efficiently and serves as a crucial mechanism in shareholders' communications which include the supply of comprehensive and timely information to shareholders and the encouragement of active participation at the AGM of the Company.

**12. Code of Ethics and Conduct**

The Directors are expected to conduct themselves with the highest ethical standards. All Directors are expected to behave ethically and professionally at all times and thereby protect and promote the reputation and performance of the Company. The following practices are observed as adherence to the code of conduct:

- At all times exercise his/her power for the purposes they were conferred, for the benefit and productivity of the Group;
- Avoid any conflict of interest and disclose immediately all contractual interests, whether directly or indirectly within the Group;
- Ensure adequate safety measures and provide proper protection to workers and employees at workplaces; and
- Be aware of the Company's policy on whistleblowing.

**13. Stakeholders Relationship**

**13.1 External Auditors and Internal Auditors**

The Board, through the Audit Committee, maintains a formal and transparent relationship with its external auditors and internal auditors in seeking their professional advice.

The Audit Committee also meets with the external auditors without the presence of the Executive Board members and Management twice a year regarding audit planning and other relevant audit and accounting issues.

**13.2 CSR**

The Board acknowledges that the Company should play an important role in contributing towards the welfare of the community in which it operates. In the performance of duties of CSR, the Board shall at all times observe the following:-

- To ensure the effective use of natural resources and improve quality of life;

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- Be more proactive in the needs of the community and assist in society-related programmes, supports charitable causes and initiatives on community development projects; and
- To ensure adequate safety measures and proper protection for workers and employees at the workplace.

**13.3 Shareholders**

The Board recognises the importance of effective communication with shareholders, investors and the public in general. In this respect, the Board keeps shareholders, investors and the public informed through announcements, releases of quarterly financial results, annual reports, circulars and general meetings. A shareholders' communication policy has been implemented to handle the process of dealing with and responding to queries from its shareholders.

The AGM is the principal forum for communication with shareholders. The notices of the AGM and annual reports are sent out to shareholders at least twenty-eight (28) days before the AGM of the Company.

**14. Review of Board Charter**

The Board Charter will be reviewed periodically and may be amended by the Board from time to time to ensure that new laws, regulations, Bursa Securities LR or relevant developments having an impact on the discharge of the Board's responsibilities are taken into account.