



**TRI-MODE SYSTEM (M) BERHAD**  
**(COMPANY NO: 229265-X)**

**BOARD CHARTER**

**1.0 INTRODUCTION**

1.1 It is the policy of Tri-Mode System Sdn Bhd (“the Company”) and group of companies “(the Group) to manage the affairs of the Group in accordance with the appropriate standards for good corporate governance. The Board of Directors (“the Board”) has overall responsibility for the proper conduct of the Group’s business and assumes responsibility of effective stewardship and control of the Company.

**2.0 PURPOSE**

2.1 This board Charter sets out the authority, role, functions, composition and responsibilities of The Board to assist the Board members to be aware of their duties and responsibilities.

**3.0 AUTHORITY**

3.1 The Board derives its authority to act from the Constitution of the Company and the prevailing law and regulations governing companies in Malaysia.

**4.0 COMPOSITION, APPOINTMENT AND RE-ELECTION**

4.1 The Board is made up of five (5) members, led by the Managing Director, Executive Director and three (3) Independent Non-Executive Directors. The Board should comprise suitably qualified individuals with diverse set of skills, knowledge, expertise and experience.

4.2 On an annual basis, the Board reviews the composition in terms of size, the balance between executive, non-executive and independent Directors and mix of skills. The Board considers the appointment of new director upon the recommendation from the Nomination Committee. In making these recommendations, the Nomination Committee will consider the skills, knowledge, expertise and experience, professionalism, integrity and in the case for the position of independent non-executive directors, their ability to discharge such responsibilities/functions as expected from 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. A retiring Director is eligible for re-election. The Constitution also provides that a Director who is appointed by the Board in the course of the year shall be subject to re-election at the next Annual General Meeting to be held following his appointment.



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**5.0 INDEPENDENCE OF DIRECTOR**

5.1 The Board assesses the independence of the Directors annually by having regard to the criteria adopted for assessing the independence of Directors. The Board would apply these criteria upon admission, annually and when any new interest or relationship develops. Pursuant to the Malaysian Code on Corporate Governance 2017, at any one time, at least half (1/2) of the Board members should comprise Independent Directors.

**6.0 NEW DIRECTORSHIPS**

6.1 All the Board members shall notify the Chairman of the Board before accepting any new directorships in public and public listed companies incorporated in Malaysia as well as directorships in corporations with similar businesses operating in the same jurisdiction. The notification should include an indication of the time that will be spent on the new appointment.

**7.0 ROLES OF THE CHAIRMAN**

7.1 The Chairman carries out a leadership role in the conduct of the Board and its relations to shareholders and other stakeholders. The Chairman is primarily responsible for:-

- a) Representing the Board to shareholders;
- b) Ensuring the integrity of the governance process;
- c) Maintaining regular dialogue with the Executive Directors (“ED”) over all operational matters and consulting with the remainder of the Board promptly over any matters that gives him/her cause for major concern;
- d) Functioning as a facilitator at meetings of the Board to ensure that no member, whether executive or non-executive, dominates discussion, that appropriate discussions takes place and that relevant opinions among members is forthcoming. The Chairman will ensure that discussions result in logical and understandable outcomes;
- e) Ensuring that all Directors are enabled and encouraged to participate in its activities. This includes ensuring that all relevant issues are on the agenda and that all Directors receive timely, relevant information tailored to their needs and that they are properly briefed on issues arising at Board meetings;
- f) Ensuring that Executive Directors look beyond their executive function and accept their full share of responsibilities of governance;
- g) Guiding and mediating Board actions with respect to organizational priorities and governance concerns;



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- h) Undertaking the primary responsibility for organizing information necessary for the Board to deal with items on the agenda and for providing this information to Directors on a timely basis; and
- i) Performing other responsibilities assigned by the Board from time to time.

**8.0 ROLE OF THE MANAGING DIRECTOR (“MD”)**

- 8.1 The position of the MD in essence is to ensure the effective implementation of the Group’s Business Plan and policies established by the Board as well as to manage the daily conduct of the business to ensure its smooth operation.
- 8.2 The MD, in association with the Chairman, is accountable to the Board for the achievement of the Company’s goals and objectives and the MD is accountable to the Board for the observance of management limitations.
- 8.3 The MD is expected to act within all specific authorities delegated to him or her by the Board.
- 8.4 Generally, the MD is responsible to the Board for the following:-
  - a) Executive management of the Group’s business covering, inter alia, the development of a strategic plan; an annual operating plan and budget; performance benchmarks to gauge management performance against and the analysis of management reports;
  - b) Effectively oversee the human resources of the organization with respect to key positions in the Group hierarchy and determination of remuneration as well as terms and conditions of employment for senior management and issues pertaining to discipline;
  - c) Assures the Company that its corporate identity, products and services are of high standards and are reflective of the market environment; be the official spokesman for the Company and responsible for regulatory, governmental and business relationships;
  - d) Ensures compliance with governmental procedures and regulations;
  - e) Coordinates business plans with the businesses heads, coordinates management issues through the Board, and divisional function groups and cost containment process in consultation with the Group Accounts and Executive Directors;
  - f) Maintains and facilitates a positive working environment and good employee relations;
  - g) Assists in the selection and evaluation of Board members through the Nomination Committee and Remuneration Committees; and
  - h) Assists the Chairman in organizing information necessary for the Board to deal with the agenda and for providing this information to directors on a timely basis.



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**9.0 ROLES AND RESPONSIBILITY OF THE BOARD**

- 9.1 The Board assumes, amongst others, the following roles and responsibilities to facilitate the Board in discharging its fiduciary duties in respect of the Group:-
- a) Review and adopt a strategic plan for the Group;
  - b) Oversee and evaluate the conduct of the Group's businesses;
  - c) Identify principal risks and ensuring the implementation of appropriate systems to manage these risks;
  - d) Establish a succession plan for senior management;
  - e) Oversee the development and implementation of a shareholder communication policy for the Company;
  - f) Review the adequacy and the integrity of the management information and internal controls system of the Group;
  - g) Formulate corporate policies and strategies; and
  - h) Approve key matters such as financial results as well as major investments and divestments, major acquisitions and disposals and major capital expenditure in accordance with the limits of authority.
- 9.2 In carrying out its duties, the Board has amongst others, a formal schedule of matters specifically reserved for its decision, including overall strategic direction, annual operating plan, capital expenditure plan, material acquisitions and disposals, material capital projects and the monitoring of the Group's operating and financial performance.

**10.0 BOARD COMMITTEES**

- 10.1 The Board reserve the right to establish committees from time to time in the discharge of its duties and responsibilities. The Board has established the following committees which shall be operated under clearly defined terms of reference:-
- a) Audit and Risk Management Committee – Assist and support the Board's responsibility to oversee the Group's operations by providing means for review of the Group's processes for producing financial data, its internal controls, its risk management and independence of the Company's external and internal auditors.
  - b) Nomination Committee – Oversees matters related to the nomination of new directors, future Chairman and MD, annually review the required mix of skills, experience and other requisite qualities of directors as well as the annual assessment of the effectiveness of the Board as a whole, its committees and the contribution of each individual director.



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- c) Remuneration Committee – primarily responsible to recommend to Board the remuneration of the MD, Executive Director, Non-Executive Directors and Senior Managements in all its form, drawing from outside advice if necessary.

10.2 The Chairman of the respective Committees will report and update the Board on significant issues and concerns discussed and where appropriate, make the necessary recommendations to the Board. The Board may also delegate specific functions to ad hoc committees, a Director, employee or other person as and when required.

**11.0 BOARD MEETINGS**

11.1 The Board will have minimally 4 scheduled meetings annually, with additional meetings to be convened as and when necessary. Notice of meetings setting out the agenda and accompanied by the relevant Board papers are given to Directors in sufficient time to enable the Directors to peruse, obtain additional information and/or seek further clarification on the matters to be deliberated. As a Group practice, any Director who wishes to seek independent professional advice in furtherance of his duties may do so at the Group's expenses. Directors shall have access to all the information and records of the Company.

**12.0 CODE OF ETHICS**

12.1 The Board observes the Company Directors' Code of Ethics established by the Companies Commission of Malaysia.

**13.0 ANNUAL GENERAL MEETING ("AGM")**

13.1 The Company regards the AGM as an important event in the corporate calendar of which all Directors and key senior executives should attend.

13.2 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.

13.3 The Chairman and, where appropriate, the MD/ED 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.

13.4 Where necessary, the shareholders is encouraged to vote by poll for substantive resolution and the Board must announce the detailed result on each resolution.



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**14.0 INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION**

- 14.1 The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Group and as such adopts an open and transparent policy in respect of its relationship with its shareholders and investors.
- 14.2 The Board ensures the timely release of financial results on a quarterly basis to provide shareholders and analysts with an overview of the Group's performance and operations in addition to the various announcements made during the year.
- 14.3 The Group's website, [www.trimode-malaysia.com.my](http://www.trimode-malaysia.com.my), provides easy access to corporate information pertaining to the Group and its activities and is continuously updated.

**15.0 RELATIONSHIP WITH OTHER STAKEHOLDERS**

- 15.1 In the course of pursuing the vision and mission of the Group, the Board recognizes that no business organization can exist by maximizing shareholders value alone. In this regard, the needs and interests of their stakeholders are also taken into consideration.
- 15.2 The Board is responsible for:-
  - 15.2.1 Ensuring the Group's strategies promote sustainability;
  - 15.2.2 Ensuring the rights of other stakeholders are not being compromised;
  - 15.2.3 Ensuring the Group has in place a policy to enable effective communication not just with shareholders, but with all stakeholders;
  - 15.2.4 Establishing policies governing the Group's relationship with other stakeholders and the broader community; and
  - 15.2.5 Establishing and maintaining environmental, employment and occupational health and safety policies.

**16.0 COMPANY SECRETARY**

- 16.1 The appointment and removal of the Company Secretary is a matter for the Board as a whole. The Board recognizes the fact that the Company Secretary should be suitably qualified and capable of carrying out the duties required of the post.
- 16.2 The key role of the Company Secretary is to provide unhindered advice and services for the directors as and when the need arises, to enhance the effectiveness functioning of the Board and to ensure regulatory compliance.
- 16.3 Other primary responsibilities of the Company Secretary shall include:-



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- 16.3.1 Ensuring that Board procedures and applicable rules are observed;
- 16.3.2 Maintaining records of the Board and ensure effective management of organization's records;
- 16.3.3 Preparing comprehensive minutes to document Board proceeding and ensure decision are accurately recorded;
- 16.3.4 Assist in the communication between the Board and management; and
- 16.3.5 Carrying out other functions deemed appropriate by the Board from time to time.

**17.0 REVIEW OF THE BOARD CHARTER**

- 17.1 The Board Charter will be periodically reviewed and updated to take into consideration the needs of the Company as well as any development in rules and regulations that may have an impact on the Company.

Date: 7 March 2018