

DATAPREP HOLDINGS BHD
(Company No. 183059-H)
(Incorporated in Malaysia)

BOARD CHARTER

1. INTRODUCTION

- 1.1 This Board Charter of Dataprep Holdings Bhd (“the Company”) is established to provide guidance and clarity for the Board of Directors (“Board”) and the Management with regard to the role of the Board and its Committees, the requirements of Directors in carrying out their roles and in discharging their duties towards the Company as well as the Board’s operating practices.
- 1.2 This Board Charter supplements and does not in any way supersede the provisions of the Company’s Memorandum and Articles of Association, the Companies Act 1965, the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia”), the Capital Markets and Services Act, 2007 or any other legislations or regulations.

2. OBJECTIVES

- 2.1 The objectives of this Board Charter are to ensure that all Board members acting on behalf of the Company are aware of their roles and responsibilities as Board members and the various legislations and regulations affecting their conduct and to ensure that the principles of good Corporate Governance are applied in all their dealings, for and on behalf of the Company.

3. BOARD LEADERSHIP

- 3.1 The Board should provide leadership and vision to the Company, in a way that will enhance shareholders’ value and ensure long-term sustainable development and growth of the Company.
- 3.2 The Board will direct and supervise the Management of the business and affairs of the subsidiaries of the Company (“the Group”) to strengthen the performance of the Group. The Board delegates responsibility for the operation and management of the Company’s business to the Group Managing Director (“GMD”) and through him/her to the Executive Directors. Management are accountable to the Board and are to fulfil this responsibility through provisions of reports, briefings and presentations on a regular basis throughout the year.
- 3.3 The running of the Board and the executive responsibility for the running of the Company’s business are the two key tasks at the top of the Company. There should be a clear division of roles and responsibilities at the head of the Company to ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making.

3.4 The roles of the Chairman and the GMD are separated and clearly defined, with responsibilities divided between them. The Chairman shall be a non-executive member of the Board. Where the Chairman is an Executive Director, the Board must comprise of a majority of Independent Directors.

3.5 The Chairman

- a. The Chairman is responsible for running the Board and ensures that all Directors receive sufficient and relevant information on financial and non-financial matters to enable them to participate actively in the Board discussion.
- b. The Chairman is responsible to lead and manage the work of the Board in order to ensure that it operates effectively and discharges its legal and regulatory responsibilities.
- c. The Chairman is responsible for ensuring the integrity and effectiveness of the governance process of the Board.
- d. The Chairman is responsible for representing the Board to the shareholders.
- e. The Chairman provides advice to Board members where appropriate and also acts as a link between the Board and the Management. The Chairman expects to be kept informed by the GMD on all important matters and will consult or discuss with the remainder of the Board promptly over matter that gives him/her cause for major concern.
- f. The Chairman will act as facilitator at meetings of the Board to ensure that no member dominates discussion, that appropriate discussion takes place and that relevant opinion among members is forthcoming. The Chairman will ensure that discussions result in logical and understandable outcomes. The Chairman also encourages healthy debate on issues to maintain independency.
- g. The Board may appoint one of its members as Deputy Chairman who will act as the Chairman in the latter's absence.

3.6 GMD

- a. The GMD holds the primary executive responsibility for the Company's business performance and manages the Company in accordance with the policies and strategies approved by the Board. The GMD leads the Executive Directors in making and implementing day-to-day operational business decisions, managing resources and risks in pursuing the corporate objectives of the Company.
- b. The Board will appoint the GMD and set the terms of his/her appointment.
- c. The Board will link the Company's governance and management functions through the GMD.

- d. All Board authority conferred on Management is delegated through the GMD, so that the authority and accountability of Management is considered to be the authority and accountability of the GMD so far as the Board is concerned. The Board must agree to the levels of sub-delegation immediately below the GMD.
- e. The Board will agree with the GMD the specific results directed towards the Company in achieving its goals through a series of authorized decisions and mandated actions within Management limitations, directed at achieving such goals.
- f. The GMD is expected to act within all specific authorities delegated to him/her by the Board.

3.7 Executive Directors

- a. The Board will appoint Executive Directors and set terms of their appointment.
- b. The Board can designate one or more of the Executive Directors as the Deputy GMD(s) who will be the lead Executive Director(s) in making and implementing the day-to-day operations, business decisions, managing resources and risks in pursuing the corporate objectives of the Company as delegated by the GMD. The Deputy GMD will act as the GMD in the latter's absence.
- c. The Executive Directors are involved in leadership roles overseeing the day-to-day operations within their specific area of expertise or assigned responsibility.
- d. The Executive Directors represent the Company at the highest level and are decision makers on matters within their scope.
- e. The Executive Directors liaise frequently with the GMD and/or Deputy GMD and with each other to lead the Management to drive the Company forward.

3.8 Senior Independent Director

The Board may appoint a Senior Independent Director to whom shareholders' concerns can be conveyed if there are reasons that contact through the normal channels of the Chairman or the Chief Executive Officer/GMD have failed to resolve them.

4. BOARD COMPOSITION AND CRITERIA

4.1 The size of the Board is determined by the Company's Articles of Association, which permits a minimum of 2 and maximum of 12 Directors to be appointed to the Board. At least 2 Directors or 1/3 of the Board, whichever is the higher, shall be Independent Directors. The Board must comprise a majority of Independent Directors where the Chairman of the Board is not an Independent Director. The Board will ensure that its composition always complies with the MMLR of Bursa Malaysia and any other applicable regulations.

4.2 The Board composition must also be sufficient to:-

- a. ensure a wide range of skills and knowledge, views and experience, such that the common purpose, involvement, participation, harmony and sense of responsibility of Board members is not jeopardized; and
- b. achieve the balance of skills, experience, and professional and industry knowledge necessary to meet the Company's strategic objectives.

4.3 Appointment

The appointment of a new member to the Board is made upon recommendation from the Remuneration, Quality and Nominating (RQN) Committee whose primary responsibilities are to evaluate, assess and recommend candidates for the Board's approval.

The Board, through the RQN Committee, will take steps to ensure that women candidates are also sought as part of its recruitment exercise.

4.4 The Chairman of the Board should possess the following criteria:-

- a. strong leadership skills – to lead discussions among Directors; to build a cohesive leadership team consisting of the Board and senior management; and to delegate responsibilities to other Directors, Committees and Management,
- b. capable to secure the respect and trust of the whole Board,
- c. recognised stature,
- d. high sense of accountability to shareholders and desire to create value to all stakeholders, and
- e. possess sufficient time and capacity to focus on his/her task as Chairman/ Chairwoman.

4.5 Criteria for membership of the Board

- a. The criteria for membership of the Board are:-
 - i. an appropriate knowledge, understanding and experience of the conduct of the Company's business, as well as the laws, customs and values that govern the activities of the Company;
 - ii. the ability to make sensible and informed business decisions and recommendations;
 - iii. an entrepreneurial talent for contributing to the creation of shareholders' value;
 - iv. high ethical standards and sound practical sense;
 - v. ability to see the wider picture and perspective;
 - vi. integrity in personal and business dealings; and

- vii. total commitment to furthering the interest of the shareholders and to achieve the Company's goals.
- b. The criteria required for Non-Executive Directors/Independent Directors include:-
 - i. persons of calibre, creditability and have the necessary skills, competencies and experience to bring independent and objective judgement to Board and to mitigate risks arising from conflict of interests or undue influence from interested parties;
 - ii. constructively challenge and contribute to the development of strategy;
 - iii. oversee the conduct of the Company's business and to evaluate whether the business is properly managed;
 - iv. identify principal risks and ensure the implementation of appropriate systems to manage these risks;
 - v. must be able and willing to inquire and probe. They should have sufficient strength of character to seek and obtain full and satisfactory answers within the collegiate environment of the Board;
 - vi. review the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
 - vii. plan succession, including appointing, terminating, training, and fixing the remuneration of Executive Directors. This reflects the fact that the Board functions through delegation to Management. They must ensure the Management of the highest calibre when appointing, training, assessing and providing for succession; and
 - viii. acquire the necessary skills and experience to bring an independent judgement to bear on the issues of strategies, performance and resources including key appointments and standards of conduct.

4.6 Time Period of Office and other Offices

- a. Board members have no fixed term of appointment, but are subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company.
- b. New Board members will only hold office until the next annual general meeting at which they will retire and become available for election.
- c. Termination of service/employment contract will result in resignation from the Board, unless the Board determines otherwise.
- d. All Board members shall notify the Chairman before accepting any new directorship. The notification shall include an indication of time that will be spent on the new appointment.

- e. The tenure of an Independent Director shall not exceed a consecutive term or a cumulative term of 9 years, with intervals. Upon the completion of the 9 years, the Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director.
- f. Subject to the assessment of the RQN Committee, the Board may seek the shareholders' approval in the event it retains as an Independent Director, a person who has served in that capacity for more than 9 years. In such a situation, the Board must make a recommendation and provide adequate justification to the shareholders in a general meeting.
- g. Assessment for the appointment and re-appointment of Independent Director who has served in that capacity for more than 9 years will involve the following processes:-
 - i. the Director concerned will make a declaration to the Board that he/she fulfils the criteria as defined under the MMLR of Bursa Malaysia;
 - ii. the RQN Committee will make the necessary assessment and recommendation to the Board based on the criteria required for an Independent Director as set out in item 4.5b above and the MMLR of Bursa Malaysia;
 - iii. the Board will make a recommendation and provide adequate justification to the shareholders in a general meeting.

4.7 Re-appointment of Director

A Director who has attained the age of 70 prior to the Annual General Meeting of the Company in any year shall retire from office at such Annual General Meeting unless he/she is re-appointed as a director to hold office until the next Annual General Meeting of the Company. This is in compliance with the provisions of the Companies Act, 1965.

4.8 Directors' Remuneration

- a. The remuneration of the Board should be aligned with the business strategy and long-term objectives of the Company and should reflect the Board members' responsibilities, expertise and complexity of the Company's activities.
- b. The Board is assisted by the RQN Committee in assessing and recommending suitable remuneration for the Directors.
- c. Levels and make-up of remuneration should be sufficient to attract and retain the Board members needed to run the Company successfully.
- d. Non-Executive Directors receive no significant benefits from the Company, other than their Directors' fees and meeting allowances, if any.
- e. Executive Directors will receive no fees but will be paid as employees of the Company in accordance with their contracts of employment with the Company.
- f. No Board member will be involved in deciding his/her own remuneration.

- g. The remuneration of the Board is reported in the Company's annual report and accounts.

4.9 Induction of new Directors

- a. On appointment, new Board members will have the benefit of an induction programme aimed at deepening their understanding of the Company and the business environment and markets in which the Company operates that includes background material, meetings with senior management and visits to the Company's operational units. The induction programme will entail the following:-
 - i. knowledge of the Company (ownership power, rules, regulations, board structure, membership and processes);
 - ii. knowledge of the business (business processes, corporate strategies, organization, management and people);
 - iii. knowledge of the financials (annual accounts, directors' reports, trends of the key financial ratios and financial performance of the business);
 - iv. expectations on appointment (discussions with Chairman with regards to the role, reason(s) for nomination, potential contributions, particular knowledge, etc.).
- b. New Board members with no or limited board experience shall receive development and education to inform them of their duties, including fiduciary responsibilities, powers and potential liabilities.

4.10 Directors' Education

- a. All Board members are encouraged to regularly keep themselves abreast of changes and trends in the business and in the Company's environment and markets, which shall include changes and trends in the economic, political, social and legal climate generally.
- b. All Board members shall also undergo the Mandatory Accreditation Programme (for new Board members) and have access to appropriate Continuing Education Programmes ("CEP"). These CEP ensure that the Board members continuously possess the appropriate level of awareness in relation to:-
 - i. their duties, responsibilities and powers;
 - ii. the legal responsibilities of each Board member;
 - iii. changes in legislations and governing policies of the relevant authorities;
 - iv. enhancing their skills and knowledge in both statutory and regulatory requirements; and
 - v. sustaining active participation in Board deliberations.

5. ROLE OF THE BOARD

- 5.1 The Board's primary responsibilities include giving strategic direction to the Company, identifying key risk areas and key performance indicators of the Company's business, monitoring investment decisions, considering significant financial matters, and reviewing the performance of management and executive management against business plans, budgets and industry standards.
- 5.2 The Board assumes, amongst others, the following responsibilities:-
- a. reviewing and adopting strategic plan for the Company including monitoring the implementation of the strategic plan by management;
 - b. overseeing the conduct of the Company's business and the performance of management to determine whether the business is properly managed;
 - c. identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures which effectively monitor and manage these risks;
 - d. establishing succession planning and ensuring that all candidates appointed to senior management are of sufficient calibre;
 - e. overseeing the development and implementation of a shareholder communications policy for the Company to enable effective communication with its shareholders and other stakeholders; and
 - f. reviewing the adequacy and the integrity of the management information and internal controls system of the Company.
- 5.3 The day-to-day management will be in the hands of the GMD, Executive Directors and the Management.

6. BOARD GOVERNANCE

- 6.1 Board Procedures
- a. The conduct of Board members will be consistent with their duties and responsibilities to the Company and thus to the shareholders.
 - b. The Directors would always act within limitations imposed by the Board on its activities.
 - c. Directors' responsibilities and limitations are primarily set out in the Company's Articles of Association, the Companies Act, 1965, MMLR of Bursa Malaysia, the Board and/or shareholders' resolutions and other relevant legislations, where applicable.
 - d. The Board shall be disciplined in carrying out its role, with the emphasis on strategic issues and policy.

- e. The Board's discussion will be open and constructive. The Chairman will seek a consensus in the Board but may, where considered necessary, call for a vote. Discussions and records will remain confidential unless a specific direction from the Board to the contrary.
- f. The Board has sole authority over its agenda. However, any Board member may request an addition of an item on the agenda.
- g. The Board members are entitled to have access, at reasonable times, to all relevant company information and to senior management to assist them in the discharge of their duties and responsibilities to enable them to make informed decisions.
- h. The Board members are expected to strictly observe the provisions of the legislations/regulations applicable to the use and shall preserve the confidentiality of confidential material given or presented to the Board.
- i. The Board or a Board member for the furtherance of their or his/her duties may take independent professional advice (if necessary) at the Company's expense, subject to the prior approval of the Chairman.

6.2 The Board shall:-

- a. approve the quarterly financial statements, other reports to shareholders and public announcements;
- b. consider and, if appropriate, declare or recommend the payment of dividend;
- c. formalise ethical standards through code of conduct and ensure its compliance;
- d. formalise and review performance of key sustainability initiatives and recommend improvements, which should include environmental, social and governance aspects of the business;
- e. review and evaluate the present and future strengths, weaknesses and opportunities in respect of the Company. Comparisons with competitors, locally and internationally, and best practices are important elements of this process;
- f. review and approve the Company's financial objectives, plans and actions and significant allocation and expenditure;
- g. review the Company's goals and the strategies for achieving the Company's goals;
- h. review the Board's composition, structure and succession;
- i. review the Company's audit requirements;
- j. review the performance of, necessity for and composition of the Board;
- k. review the Directors' remuneration;

- l. review risk assessment policies and controls, including compliance with legal and regulatory requirements;
- m. through the RQN Committee, annually assess the effectiveness of the Board as a whole, the Board Committees and assess the contribution of each individual Director. All assessments and evaluations carried out by the RQN Committee in the discharge of all its functions should be properly documented; and
- n. through the RQN Committee, annually review the Board's required mix of skills, independence and diversity, including core competencies that Non-Executive Directors should bring to the Board.

7. BOARD COMMITTEES

- 7.1 The Board may from time to time establish Board Committees as it considers appropriate to assist in carrying out its duties and responsibilities and to allow detailed deliberation on specific issues.
- 7.2 The Board Committees shall operate under its respective Terms of Reference. The Chairman of the respective Board Committees reports to the Board on the outcome of the Board Committee meetings and minutes of Board Committee meetings are made available to all Directors.
- 7.3 The Board currently delegates certain functions to the following Board Committees to assist in the execution of its responsibilities:-

- a. **Audit Committee**

The Audit Committee serves to implement and support the oversight function of the Board. It provides a means for review of the Company's and Group's processes for producing financial data, ensures financial statements comply with applicable financial reporting standards, its internal controls, corporate code of conduct, the independence of the Company's External Auditors and Internal Auditors, and maintains an open line of communication and consultation between the Board, the Internal Auditors, the External Auditors and the Management.

- b. **RQN Committee**

The RQN Committee oversees matters relating to the nomination of new Directors, annually reviews 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 as well as identifies candidates to fill Board vacancies, and nominating them for approval by the Board.

The RQN Committee is also responsible for recommending to the Board the remuneration of Executive Directors and Non-Executive Directors in all its forms, drawing from outside advice if necessary.

8. MATTERS FOR THE BOARD'S ENDORSEMENT/DECISION

8.1 The Management is entrusted with the responsibility and authority to assist the Board in executing its duties on the following matters and where necessary, the Management shall report back to the Board on such matters with recommendations for the Board's endorsement/decision:-

- a. Financial
 - i. the adoption of any significant change or departure in the accounting policies and practices of the Company and its subsidiaries;
 - ii. acquisitions and disposals of businesses;
 - iii. the approval of annual financial statements, quarterly financial reports, the valuation of unlisted investments and recommendation/declaration of dividends;
 - iv. the recommendation to shareholders of any increase, reduction or alteration to the share capital of the Company and the allotment, issue or other disposal of shares of the Company (except for shares allotted under any share incentive scheme); and
 - v. any other material / significant capital investment matters which exceed 5% of the Group's Net Tangible Assets.
- b. Statutory and Administrative
 - i. recommending amendments to the Memorandum or Articles of the Company;
 - ii. the frequency of meetings of the Board;
 - iii. the convening of general meetings of shareholders of the Company;
 - iv. the formulation of recommended policies in relation to industrial relations;
 - v. the prosecution, defence or settlement of legal or arbitration proceedings where material and except in the ordinary course of business; and
 - vi. the appointment, removal or replacement of the Company Secretary;
- c. Regulatory
 - i. the approval of terms and conditions of the Company's rights issues, public offers, capital issues or issues of convertible securities including shares or convertible securities issued for acquisitions;
 - ii. the approval and authority to issue circulars to shareholders of the Company;

- iii. the approval and authority to issue prospectus, listing particulars, rights offers or takeover or merger documents or restructuring proposals;
 - iv. recommending to shareholders to approve any ordinary or special resolutions in respect of the Company; and
 - v. recommending that the shareholders take a particular course of action proposed by the Board.
- d. Manpower
- i. appointments to and removals from the Board of the Chairman and the Directors, and the approval of nominations of alternate Directors (if any) as recommended;
 - ii. the appointment of, terms of reference and changes in the composition of the committees of the Board as are established from time to time;
 - iii. any increase of Board members' fees as recommended, which shall finally be approved by shareholders in a general meeting; and
 - iv. the approval of any employee incentive scheme, the rules applicable to any such scheme and any amendment to such rules as recommended, for submission to shareholders, if applicable.

9. RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

9.1 The Board should maintain a sound system of internal control to safeguard the shareholders' investment and the Company's assets. This would cover not only financial controls but operational controls, compliance controls and risk management as well.

9.2 In this context, the Board shall explicitly assume the following specific responsibilities:-

- a. Reviewing the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

In order to effectively discharge the above responsibilities, the Board shall establish an Internal Audit Function and identify a Head of Internal Audit who reports directly to the Audit Committee.

- b. Establishing risk management framework to identify, quantify and control various risks encountered in the Group business operations. The risk management framework establishes clear functional responsibilities and accountabilities within committee structures for the management of risk; sets risk policies and limits consistent with the risk appetite and risk tolerance of the Group; and ensures appropriate skills and resources are applied to risk management.

10. BOARD MEETINGS

10.1 Board members will use their best endeavours to attend Board meetings and to prepare themselves thoroughly. Board members are expected to participate fully, frankly and constructively in Board discussions and other activities and to bring the benefit of their particular knowledge, skills and abilities to the Board table. Board members who are unable to attend shall advise the Chairman at an early date.

10.2 Frequency and Quorum

- a. Meetings of the Board will be held at such time and at such venue as the Board deems appropriate, but it will normally meet at least quarterly or where circumstances necessitate.
- b. The quorum necessary for the transaction of business of the Directors shall be 2 Directors.
- c. In addition to the matters set out in this Board charter, meetings and proceedings of the Board will be governed by the Company's Articles of Association and the Companies Act, 1965.

10.3 Agenda and Meeting Papers

- a. The Chairman must ensure that an agenda is prepared prior to the meeting, addressing priority strategic issues, rather than detailed operational ones, and ensuring that proceedings are conducted efficiently and all appropriate matters addressed. After getting input from other Directors and Management, the Chairman should determine the agenda with the assistance of the Company Secretary and in consultation with the GMD.
- b. The Company Secretary must circulate the agenda and other meeting papers to the Board members on a timely basis.

10.4 Conflict of Interest

- a. Board members are required to inform the Board of conflict or potential conflict of interest they have in relation to particular items of business, preferably in advance.
- b. Board members are required to disclose their shareholdings in the Company, other directorships and any potential conflict of interest.
- c. Board members should abstain from deliberation/discussion or decisions on matters in which they have a conflicting interest.

10.5 Retention of Meeting Papers

A record of Board submissions and papers, and of materials presented to the Board, shall be maintained and held by the Company Secretary together with the minutes of meetings and will be accessible to Directors.

10.6 Minutes

- a. Minutes of each meeting shall be distributed to all Board members.

- b. Minutes of the Board meeting will be duly entered in the Minutes Books kept by the Company Secretary. Such minutes shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated.

11. DEALINGS IN SECURITIES OF THE COMPANY

- 11.1 When dealing in the securities of the Company, the Board members must strictly observe the provisions of Chapter 14 of the MMLR of Bursa Malaysia, the Capital Markets and Services Act, 2007 and all other relevant legislative or regulatory requirements / procedures as may be prescribed from time to time.

12. BOARD'S RELATIONSHIP WITH SHAREHOLDERS

- 12.1 The Board shall develop and implement an investor relations programme or Corporate Disclosure policy for the Company. The policy shall ensure that it effectively interprets the operations of the Company to the shareholders and must accommodate feedback from shareholders, which shall be factored into the Company's business decisions.
- 12.2 The Board shall take reasonable steps to encourage shareholders' participation and poll voting on substantive resolutions at general meetings.
- 12.3 The Board members and senior management are encouraged to have constructive engagements with shareholders about the Company's performance, corporate governance, and other matters affecting the shareholders' interests.
- 12.4 The Board shall ensure that dialogues and briefings are conducted, as part of its investor relations programme, with financial analysts, fund managers and institutional investors periodically so that the investing public receives a balanced and complete view of the Group's performance, new developments and current issues faced by the business under the regional and global economic climate.

13. COMPANY SECRETARY

- 13.1 The Company Secretary must maintain statutory books in accordance with legal requirements and ensure that the statutory books are in good order for due diligence purposes.
- 13.2 In addition to the statutory duties of the Company Secretary, he/she must assist the Board as a whole and the Board members individually, as to how their responsibilities should be properly discharged in the best interests of the Company.
- 13.3 The Company Secretary should provide full assistance to the Board and its Committees on issues including compliance with rules and procedures, and statutory regulations.
- 13.4 The Company Secretary must keep abreast of, and inform the Board of, current governance thinking and practice and to adapt to new developments in the corporate regulatory environment.

- 13.5 The Board members have unlimited access to the Company Secretary.
- 13.6 The appointment and removal of the Company Secretary is a matter of the Board as a whole.

14. REVIEW OF BOARD CHARTER

- 14.1 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.
- 14.2 The Board Charter is made available for reference in the Company's website at www.dp.com.my.

The Board of Directors has adopted this Board Charter on 23 May 2014.