



TURIYA BERHAD (55576-A)
(Incorporated in Malaysia)

BOARD CHARTER

(Adopted by the Board on 12 August 2013)

1. Introduction

- 1.1 The Board of Directors (the “**Board**”) of Turiya Berhad (“**Turiya**” or the “**Company**”) is responsible for overseeing the Company’s management and business affairs and makes all major policy decisions of the Company.
- 1.2 The Board Charter (the “**Charter**”) formalises the various roles and responsibilities of the Board, Board Committees and individual Director of the Company with the aim of streamlining and enhancing corporate governance practices towards transparency, accountability and integrity in boardroom activities.
- 1.3 The Charter serves as a structured guide, especially for new Directors who are on board and it should not be construed as an exhaustive blueprint for Directors of the Company.

2. Interpretation

In this Charter:

- “**Board**” means the Board of Directors of the Company;
- “**Board Committees**” means committees established by the Board from time to time, including Audit Committee and Nominating Committee;
- “**Bursa Malaysia**” means Bursa Malaysia Securities Berhad;
- “**Business**” means the business of the Company and all its subsidiaries;
- “**Chairman**” means the Chairman of the Board and is used in a gender-neutral sense;
- “**Company Secretary(ies)**” means the Board secretary(ies) or the person(s) normally exercising the functions of a Board secretary;
- “**Directors**” means members of the Board;
- “**Group**” means the Company and all its subsidiaries;
- “**Independent Director**” is defined in accordance with Paragraph 1.01 of the Listing Requirements;
- “**Listing Requirements**” means the Main Market Listing Requirements of Bursa Malaysia;
- “**Management**” means the management personnel of the Group; and
- “**Shareholders**” means the shareholders of the Company.

3. Board Principal Responsibilities

- 3.1 The Board is collectively responsible for the proper stewardship of the Group’s business and the creation of long term shareholder value, whilst taking into account interests of other stakeholders.
- 3.2 In order to ensure effective discharge of the Board’s functions, the Board will assume the following principal responsibilities:-
 - (a) reviewing, adopting and monitoring the implementation of a strategic plan for the Company and its subsidiaries (“**Group**”);
 - (b) overseeing the conduct of the Group’s business to evaluate whether the business is properly managed;

- (c) identifying principal risks and ensuring the implementation of appropriate controls and systems to monitor and manage these risks;
- (d) succession planning including appointing, training, fixing the remuneration and where appropriate, replacing senior management;
- (e) overseeing the development and implementation of a shareholders' communication policy for the Company to ensure effective communication with its shareholders and other stakeholders;
- (f) reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for ensuring compliance with applicable laws, regulations, rules, directives and guidelines; and
- (g) overseeing the Group's adherence to high standards of conduct/ ethics and corporate behaviour, including the Code of Ethics for Directors set out in **Appendix A** of this Charter.

3.3 To ensure the direction and control of the Company are in the hands of the Board, a schedule of matters reserved for the Board's deliberation and decision is set out in **Appendix B** of this Charter.

4. Composition of the Board

- 4.1 The Board shall be helmed by the Executive Chairman and comprise of at least two (2) Directors or one-third (1/3) of the Board, whichever is the higher, who are independent directors;
- 4.2 If the number of directors of the Company is not 3 or a multiple of 3, then the number nearest 1/3 must be used.
- 4.3 In the event of any vacancy in the Board, resulting in non-compliance with subparagraph 4.1 above, the Board must ensure that the vacancy is filled within 3 months.
- 4.4 The Board must comprise a majority of independent directors where the Chairman of the board is not an independent director.
- 4.5 The tenure of an independent director should not exceed a cumulative term of nine (9) years. Upon completion of the nine years, an independent director may continue to serve the Board subject to the director's re-designation as a non-independent director. Subject to obtaining the approval of the Company's shareholders, the Board may recommend and provide strong justification in the event it retains an independent director who has served a cumulative term of nine (9) years as an independent director of the Company.
- 4.6 To enhance its effectiveness, the Board shall ensure its members have the relevant skills, experience, expertise and time commitment. Accordingly, the Nomination Committee is entrusted by the Board to appraise candidates for directorship, including those who retire and offer themselves for re-election or re-appointment, before recommending to the Board. The Board is mindful of the need for board diversity and, in this context, the Nominating Committee shall take into consideration gender diversity when recommending to the Board.
- 4.7 The Board shall advocate board diversity by identifying and creating the right balance of skills, regional and industry experience, background, race and gender of directors in order to optimize the performance of the Board as a whole with the assistance of the Nomination Committee.
- 4.8 Directors shall not sit on the boards of more than five (5) listed issuers and before accepting any new directorship, Directors shall notify the Chairman, the notification of which shall include an indication of time that will be spent on the new appointment.

5. Director Qualification Standards

- 5.1 Each Director must have the following qualifications:
- (a) Education and experience that provides knowledge of business, financial, governmental or legal matters that are relevant to the Company's business or to its status as a publicly owned company;
 - (b) An unblemished reputation for integrity;
 - (c) A reputation for exercising good business judgment; and
 - (d) Sufficient available time to be able to fulfill his or her responsibilities as a member of the Board and of any committees to which he or she may be appointed.
- 5.2 A majority of the Directors must be independent. The criteria for independence is as set out in the Listing Requirements of Bursa Malaysia.
- 5.3 The Board shall undertake an assessment of its independent directors annually.

6. Directors' Responsibilities

- 6.1 The Directors will direct the management of the business and affairs of the Group.
- 6.2 Each Director will attend substantially all the meetings of the Board and substantially all the meetings of each committee on which the Director serves.
- 6.3 Each Director will review, before attending meetings of the Board or committees, all materials provided by the Company relating to matters to be considered at the meetings.

7. Role of Executive Chairman

- 7.1 The executive Chairman assumes a leadership role in the Board and represents the same to shareholders of the Company. The Executive Chairman is primarily responsible, amongst others, for the following:
- (a) presiding at Board and shareholder meetings and ensuring the proceedings thereof comply with good conduct and practices. The Executive Chairman may delegate the task of chairing such meetings to any member of the Board;
 - (b) ensuring timely dissemination of notice of meeting and agenda to Directors, including relevant Board papers and information pertaining to issues scheduled for discussion and/or approval at meetings; and
 - (c) acting as facilitator at Board meetings and ensuring that no member, whether executive or otherwise, dominates discussion. The Executive Chairman shall also encourage Board members to participate in discussions and that relevant opinions amongst members are forthcoming, resulting in logical and understandable outcomes.

8. Role of Executive Directors (“EDs”)

- 8.1 Executive Directors serve as a conduit between Management and the Board and are responsible for the effective implementation of the Company’s strategic plan and policies established by the Board, besides managing the daily operations of the Company.
- 8.2 Generally, the EDs are responsible to the Board for the following key functions:
- (a) achievement of Company’s goals and observance of Management authorities delegated by the Board; and
 - (b) developing long-term strategic and short-term business plans, designed to enable the Company’s requirements for growth, profitability and return on capital are achieved.

9. Role of Non-Executive Directors (“NEDs”)

- 9.1 The roles of NEDs largely encompass the monitoring of Company performance and contributing to the development of Company strategy, clarified as follows:
- (a) Strategy: Constructively challenge and contribute to the development of Company strategy; and
 - (b) Performance: Oversee the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance.

10. Division of Roles between the Board and the Board Committees and between the Board and Management

- 10.1 The Board shall establish Committees from time to time to assist the Board in the discharge of its duties and responsibilities. Each Committee has its own terms of reference in writing, specified by the Board, detailing its roles and responsibilities, structure and composition.
- 10.2 The Committees are authorised by the Board to deal with and to deliberate on matters delegated to them within their terms of reference. The Chairman of the respective Committees reports to the Board on the outcome of the Committee meetings and such reports or minutes will be included in the Board papers. Although the Board has granted discretionary authority to these Committees to deliberate and decide on certain operational matters as set out in their respective terms of reference, the ultimate responsibility for final decision on all matters lies with the Board.
- 10.3 A number Board Committees, with written terms of reference have been established, namely the following:

(a) Audit Committee

The terms of reference of the Audit Committee are attached as **Appendix C** of this Charter; and

(b) Nomination Committee

The Nomination Committee has written terms of reference as follows:-

- To recommend to the Board suitable candidates for Board appointments;
- To recommend to the Board suitable members for appointments to Board Committees;
- To review the required mix of skills, experiences and other qualities, including core competencies required of the Board from Non-Executive Directors; and
- To assess the effectiveness of the Board as a whole, the Committees of the Board and the contributions of each individual Director;

- To recommend to the Board the continuation of office of Independent Directors whose tenure as Independent Director has exceeded a cumulative term of nine (9) years; and
- To facilitate relevant induction programmes for newly appointed Directors as well as continuing education programmes for existing Directors.

The Nomination Committee also ensures that the Board has an appropriate balance of skills, experiences and other qualities, including core competencies that the Executive or Non-Executive Directors should bring to the Board. For this purpose, the Nomination Committee reviews the profile of the required skills and attributes of the Board members. This profile is used to assess the suitability of the candidacy of Executive or Non-Executive Directors put forward by the Directors and/or outside consultants.

Throughout the Directors' tenure in office, they are kept updated by the management on the Group's business, the competitive and regulatory environments in which it operates and other changes. The Directors are advised of their legal and other obligations as a Director of a listed company, both in writing and face-to-face meetings with the Group's Company Secretary upon their appointment to the Board. They are reminded of these obligations each year and are encouraged to attend training courses at the Company's expense.

(c) Remuneration Committee

The Remuneration Committee has written terms of reference as follows:

- Setting up of the policy framework on the remuneration packages and benefits for Executive Directors in line with current trends in the industry; and
- To review the annual remuneration packages of each individual Executive Director so as to attract and retain competent executives who can add value to the Company.

The Executive Director will not be present when matters affecting his own remuneration arrangements are being considered. The determination of remuneration packages of Non-Executive Directors, shall be a matter for the Board collectively. The individuals concerned shall abstain from discussion of their own remuneration

(d) Investment Committee

The function of the Committee is to review and appraise investment proposals of the Group and assess their viability before recommending to the Board for approval.

(e) Risk Management Committee

The Committee is responsible for identifying and evaluating the principal risks through formalized strategies and appropriate risk management policies and procedures.

10.4 There must be clear division of the roles and responsibilities of the Board and Management to ensure that there is a balance of power and authority.

The responsibilities of Management include the following:-

- (a) **Planning**: generating plans of action for immediate, short term, medium term and long term periods;

- (b) **Organising**: organising the resources, particularly human resources, in the best possible manner. Assembling and coordinating financial, physical, information and other resources needed to achieve the Company goals;
- (c) **Directing**: stimulate high performance by employees, communicating and coordinating with employees to lead and enthuse them to work effectively together to achieve the goals and targets of the Company;
- (d) **Controlling**: setting performance standards that indicate progress towards long-term goals of the Company. Evaluating the progress against the goals and targets of the Company and ensuring proper and timely execution of the same. Periodically review, evaluate and monitor performance.

11. The Board's relationship with shareholders and stakeholders

- 11.1 The Board shall maintain a communications policy that enables both the Board and Management to communicate effectively with the Company's shareholders, stakeholders and the general public.
- 11.2 The Board shall ensure that the General Meetings of the Company are conducted in an efficient manner to enhance shareholder communications.

12. Board procedures

- 12.1 Board Meetings shall be conducted at least on a quarterly basis. The Company Secretary(ies) shall prepare and distribute to all Directors in advance a timetable for the meetings for the year. The Company Secretary(ies) shall work together with the Chairman in developing the meeting agenda.
- 12.2 Directors are required to attend Board meetings. However, other senior officers may be invited to attend meetings for particular items within their responsibility. The Board may also invite external parties, such as the auditors, solicitors and consultants as and when the need arises.
- 12.3 The Executive Chairman, together with the Company Secretary(ies), shall assess the type of information needed to be supplied to the Board and the contents of the agenda. The agenda shall include, amongst others, matters specifically reserved for the Board's decision. The Board shall record its deliberation, in terms of the issues discussed, and the conclusions thereof, in discharging its duties and responsibilities.
- 12.4 To allow sufficient time for Directors to consider the relevant information, Board papers and agenda items are to be circulated at least seven (7) days, or a shorter period where unavoidable, prior to the meeting. Where there is a need to table a report, a brief statement of findings and/ or recommendations is prepared.

13. Access to information

All Directors shall have unrestricted access to Management and to information pertaining to the Company, including access to the Company auditors and consultants, relevant to the furtherance of their duties and responsibilities as Directors of the Company.

14. Independent professional advice

In discharging the Directors' duties, each member of the Board is entitled to obtain independent professional advice at the cost of the Company. Where such advice is considered necessary for the discharge of his duties and responsibilities as Director and, for the benefit of the Company, such Director shall first discuss it with the Chairman and, having done so, shall be free to proceed, where appropriate.

15. Directors' training

Directors are required to undergo the mandatory accreditation programme under the auspices of Bursa Malaysia. In addition, Directors are required to attend relevant training courses/seminars at periodic intervals to keep themselves updated on developments pertaining to the oversight function of Directors as well as technical matters, for example, financial reporting standards, tax budgets, etc.

The Nominating Committee shall decide on the continuous education training programme for Directors.

16. Directors' Remuneration

16.1 NEDs will be paid a fee for acting as Directors of the Company, subject to approval by shareholders, and meeting allowances for their attendances at meetings; and

16.2 The remuneration of EDs shall be decided by the Board with the individual Director concerned abstaining from discussing his individual remuneration. The amount of remuneration payable shall be determined with reference with the Group's performance.

17. Annual Performance Evaluation of the Board, Board Committees and Individual Directors

The Board, through the Nomination and Corporate Governance Committee, conducts an annual self-evaluation on its effectiveness as a whole, each individual Director and the different committees established by the Board.

18. Review of Board Charter

This Charter shall be periodically reviewed and may be amended by the Board as it deems appropriate.

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DIRECTORS' CODE OF ETHICS

As prescribed by Section 132 of the Companies Act 1965, Directors of a Company shall at all times act in good faith and in the best interest of the Company. Directors shall adhere to the general principles of integrity, objectivity, accountability, openness, honesty and leadership.

The Directors shall observe the Directors' Code of Ethics, which includes the following:

- (i) Observe high standards of corporate governance, in particular the practices set out in the Malaysian Code on Corporate Governance 2012, the Listing Requirements of Bursa Malaysia, the Companies Act, 1965 and the Capital Markets and Services Act, 2007;
- (ii) Not misuse information gained in the course of duties for personal gain or for any other purpose, nor seek the opportunity of the service as Directors to promote private interests or those of connected persons, firms, businesses or other organisations; and
- (iii) Directors shall adhere to the regulatory requirements pertaining to trading in the Company's shares, including insider trading.

SCHEDULE OF MATTERS RESERVED FOR THE BOARD

The following are key matters reserved for collective decision of the Board which may be varied from time to time as determined by the Board:-

1. Board structure

- (a) Appointment and recommendation for removal of Directors.
- (b) Appointment and removal of Company Secretary (ies).
- (c) Establishment of Board Committees, their members and the specific terms of reference.

2. Board remuneration

- (a) Recommendation of Directors' fees for Non-Executive Directors to be approved by shareholders.
- (b) Approval of remuneration packages, including service contracts, for Executive Directors.

3. Company's operations

- (a) Review and approval of Company strategic plan and annual budget (including capital expenditure budget).
- (b) Approval of capital expenditure exceeding prescribed thresholds based on the formalised limits of authority.
- (c) Approval of treasury policies and bank mandates of the Company.
- (d) Approval of limits of authority for the Company.

4. Financial

- (a) Approval of audited and quarterly financial statements and their release (including financial reports for announcement to Bursa Malaysia Securities Berhad or the Securities Commission).
- (b) Approval of interim dividends for payment and the recommendation of final dividend or other distribution for shareholders' approval.
- (c) Review the effectiveness of the Group's system of risk management and internal controls via the Audit Committee.
- (d) Opening or closing of bank accounts.

5. Others

- (a) Granting of power of attorney by the Company.
- (b) Entering into any corporate guarantee and indemnity issued by the Company or the creation or issue of any debenture, mortgage, charge or other security or interest over its assets by the Company.
- (c) Changes in group structure e.g. acquisition and disposal of subsidiaries, issuance of new share capital.
- (d) New business activities in non-traditional areas within the objects of the Company
- (e) Formation/dissolution of the subsidiaries of the Company

TURIYA BERHAD
Appendix C

AUDIT COMMITTEE CHARTER
(TERMS OF REFERENCE)

OBJECTIVES

The principal objectives of the Audit Committee (or the "Committee") is to assist the Board of Directors in the effective discharge of its responsibilities for corporate governance, financial reporting to shareholders and the public and to monitor the system of internal controls of the Company.

Other objectives of the Audit Committee are to:

- (a) provide greater emphasis on the audit function by increasing the objectivity and independence of the External and Internal Auditors and providing a forum for discussion that is independent of the Management.
- (b) maintain through regularly scheduled meetings a direct line of communication between the Board and the External Auditors, Internal Auditors and financial management; and
- (c) strengthen the role of Non-Executive Directors by improving their knowledge and understanding of the Company's operation.

The Audit Committee will endeavor to adopt certain practices aimed at maintaining appropriate standards of responsibilities, integrity and accountability to all the Company's shareholders.

MEMBERSHIP

The Audit Committee shall be appointed by the Directors among their number (pursuant to a resolution of the Board of Directors) which fulfils the following requirements:

- (a) the Audit Committee must be composed of no fewer than three (3) members, where the majority of them should not be:
 - Executive Directors of the Company or any related corporation; or
 - Any person having a relationship which, in the opinion of the Board of Directors, would interfere with the exercise of independent judgment in carrying out the functions of the Audit Committee.
- (b) all the committees members must be Non-Executive Directors, with majority of them being Independent Directors; and
- (c) at least one (1) member of the Audit Committee:
 - must be a member of the Malaysian Institute of Accountants (MIA); or
 - if he is not a member of MIA, he must has at least three (3) years' working experience; and he must has passed the examination specified in Part 1 of the 1st Schedule of the Accountant Act, 1967; or he must be a member of one of the association of accountants specified in Part II of the 1st Schedule of the Accountant Act, 1967.

No Alternate Director is appointed as a member of the Audit Committee.

The members of the Audit Committee shall elect a Chairman from among their number who shall be an Independent Director.

In the event of any vacancy in the Audit Committee resulting in the non-compliance of items (a) to (c) above, the vacancy must be filled within three (3) months of that event.

The Board of Directors must review the term of office and performance of the Audit Committee and each of its members at least once every three (3) years to determine whether the Audit Committee and its members have carried out their duties in accordance with the Terms of Reference.

FUNCTIONS OF THE AUDIT COMMITTEE

The functions of the Audit Committee are as follows:

- (a) review the following and report the same to the Board of Directors:
- with the External Auditors, the Audit Plan;
 - with the External Auditors, their evaluation of the system of internal controls;
 - with the External Auditors, their Audit Report;
 - the assistance given by the Company's employees to the External Auditors; and
 - any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of Management integrity;
- (b) to consider the appointment of External Auditors , the audit fee and any questions of resignation or dismissal;
- (c) to discuss with External Auditors before the audit commences, the nature and scope of the audit, and ensure coordination where more than one audit firm is involved;
- (d) to review the quarterly and year-end financial statements of the Company, focusing particularly on:
- any changes in accounting policies and practices;
 - significant adjustments arising from the audit;
 - review the reasons for the major fluctuations in financial statement balances for the current year compared to prior years;
 - review for any unusual circumstances or situations reflected in the financial statements, including identifying any marginal operations;
 - review the nature of any unusual or significant commitments or contingent liabilities;
 - review of any significant differences between the Annual Report and other reports, such as reports to the regulatory agencies;
 - review for any significant differences in format or disclosure from industry norms;
 - the going concern assumption; and
 - compliance with accounting standards and other legal requirements;
- (e) to review the External Auditors' Management Letter and Management's response;
- (f) to consider the major findings of internal investigations and Management's response; and
- (g) to do the following where an internal audit function exists:
- review the adequacy of the scope, functions, competency and resources of the internal audit functions, and necessary authority to carry out its work;
 - review the internal audit programme and the results of the internal audit process and where necessary, ensure that appropriate action is taken on the recommendations of the internal audit function;
 - monitor the implementation of the audit recommendations to ensure that all the key risks and controls have been addressed;
 - review the internal Audit Department's audit methodology in assessing and rating risks of auditable areas and to ensure that all high and critical risk areas are audited annually; and
 - being informed of resignations of staff members and provide them the opportunity to submit reasons for resigning.

RIGHTS OF THE AUDIT COMMITTEE

The Audit Committee shall, wherever necessary and reasonable for the Company to perform its duties, in accordance with a procedure to be determined by the Board of Directors and at the cost of the Company:

- (a) have authority to investigate any matter within its Terms of Reference;
- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to any information pertaining to the Company;
- (d) have direct communication channels with the External Auditors and person(s) carrying out the internal audit function or activity (if any);
- (e) be able to obtain independent professional or other advice;
- (f) be able to convene meetings with External Auditors, the Internal Auditors or both excluding the attendance of other directors and employees of the listed issuer whenever deemed necessary;
- (g) review the Company's business ethics code, the method of monitoring compliance with the code and the disposition of reported exceptions; and
- (h) review policies to avoid conflicts of interest and review past or proposed transactions between the Company and members of Management.