



NWP HOLDINGS BERHAD

(Company No. 495476-M)

Board Charter

(Incorporating amendments
as at 29 October 2019)

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BOARD CHARTER

1. INTRODUCTION

The Board of Directors of NWP Holdings Berhad (“the Board”) regard Corporate Governance (“CG”) as vitally important to the success of Company’s business and are committed to ensure that the principles of good governance are applied in all of the Company’s dealings.

- The Board is the focal point of the Company’s CG system. It is ultimately accountable and responsible for the performance and affairs of the Company
- All Board members are expected to act in a professional manner, thereby upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities
- All Board members are responsible for applying the highest standards of CG in the pursuit of the Company’s commercial objectives
- This Board Charter is not an “all inclusive” document and should be read as a broad expression of principles and shall constitute and form an integral part of each Director’s duties and responsibilities

2. OBJECTIVE

The objectives of this Board Charter are to ensure that all Directors are aware of their duties and responsibilities as Board members and the various legislations and regulations affecting their conduct, and that the principles and practices of good CG are applied in all their dealings in respect and on behalf of the Company

This Board Charter would also act as a source of reference and primary induction literature to provide insights to prospective Board members and senior management

3. THE BOARD

3.1. Role

- 3.1.1. The Board is charged with leading and managing the Company in an effective and responsible manner. Each Director has a legal duty to act in the best interests of the Company. The Directors, collectively and individually, are aware of their responsibilities to shareholders and stakeholders for the manner in which the affairs of the Company are managed. The Board sets the Company’s values and standards and ensures that its obligations to its shareholders and stakeholders are understood and met
- 3.1.2. The Directors understand that the responsibility for good CG rests with them and therefore strive to apply the broad principles and specific recommendations on structures and processes as stated in the Malaysian Code on Corporate Governance 2012 (“MCCG 2012”).

- 3.1.3. The Company complies with the various guidelines and recommendations issued by Bursa Malaysia Securities Berhad (“Bursa Securities”) and CG Guide. The Board’s roles, responsibilities and composition are also governed by the Memorandum and Articles of Association (“M&A”) of the Company and the laws and regulations governing companies in Malaysia.
- 3.1.4. The Board meets in person at least once every quarter to facilitate the discharge of its responsibilities. Members of the management who are not Directors are invited to attend and speak at meetings on matters relating to their sphere of responsibility.
- 3.1.5. Duties of the Board include establishing the corporate vision and mission, as well as the philosophy of the Company, setting the aims of the management and monitoring the performance of the management.
- 3.1.6. The Board assumes the following specific duties:
- Establishing and reviewing the strategic direction of the Company;
 - Overseeing and evaluating the conduct of the Company’s businesses;
 - Identifying principal risks and ensuring that risks are properly managed;
 - Establishing a succession plan;
 - Ensuring the existence of a good investor relations programme and shareholder communication policy; and
 - Reviewing the adequacy of the internal control policy
- 3.1.7. The Board reserves full decision-making powers on the following matters:
- Material acquisitions and disposal of assets;
 - Investments in major projects;
 - Authority levels;
 - Treasury policies;
 - Risk Management policies;
 - Key human resource issues; and
 - Conflict of interest issues relating to a substantial shareholder or Director
- 3.1.8. The Chief Executive Officer (“CEO”) is an Executive Director on the Board and is responsible for implementing policies of the Board, overseeing the Group’s operations and developing the Group’s business strategies, which include performance targets and long-terms goals established by the Board.
- 3.1.9. The Independent Directors fulfil a pivotal role in corporate accountability by providing independent view, advice and judgment to ensure a balanced and unbiased decision-making process and objectivity without being subordinated to operational considerations. The views of the Independent Directors should carry significant weight in the Board's decision-making process.
- 3.1.10. The Independent Directors help to ensure that the interests of all shareholders, and not only the interests of a particular fraction or group, are indeed taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board.

- 3.1.11. The Non-Executive Directors do not participate and do not engage in the day-to-day management of the Company and do not engage in any business transaction or other relationships with the Company so as to ensure that they exercise independent judgment and act in the best interests of the Company.

3.2. Composition and Board Balance

- 3.2.1. The Board comprised qualified individuals with diverse skills, experiences and background. The composition of the Board promotes diversity as such it enables various perspectives and views to be given. This facilitates the making of informed decision and the execution of wholesome stewardship of the Company by the Board.
- 3.2.2. The M&A provides that the number of Directors shall not be less than five (5) and maximum of twelve (12) directors. All Directors of the Company shall be natural persons.
- 3.2.3. The Board comprised Executive Director (“ED”), Independent Non-Executive Director (“INED”) and Non-Independent Non-Executive Director (“NINED”). The composition is viewed from time to time in accordance with the requirements of the Company. In reviewing the Board composition, the Board takes into consideration the requisite criteria covering individual merit, experience and skills, and where relevant, independence, and various aspects of diversity.
- 3.2.4. The Board is committed to uphold the Board Diversity Policy attached as Appendix 1 to this Board Charter.
- 3.2.5. The Company shall ensure the Board has a balanced composition of Independent and Non-Independent Directors in compliance with the Main Market Listing Requirements (“MMLR”) of Bursa Securities and also MCGG 2012.

3.3. Appointment

- 3.3.1. The appointment of a new Director is a matter for consideration and decision by the full Board, upon the recommendation from the Nomination Committee (“NC”).
- 3.3.2. In making these recommendations, the NC will consider the required mix of skills, experience and diversity which the Director brings to the Board.
- 3.3.3. All Directors are required to notify the Board of any new appointment to the Boards of other public-listed companies and/or subsidiaries of public-listed companies outside the Group
- 3.3.4. In addition to the Mandatory Accreditation Programme (“MAP”) as required by Bursa Securities, Board members are also encouraged to attend training programmes conducted by highly competent professionals and which are relevant to the Company’s operations and business. The Board will assess the training needs of the Directors and disclose in the Annual Report the training programmes attended by the Directors.

- 3.3.5. The directorships held by any Board member at any one time shall not exceed five (5) in listed companies or such other numbers as may be set by the relevant authorities.
- 3.3.6. Executive Directors should not take on any non-executive directorships, except for directorships within the Group, unless permission is granted by the Board.

3.4. Re-election

- 3.4.1. All Directors are subject to retirement by rotation in accordance with the Articles of Association of the Company and the MMLR.
- 3.4.2. The tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. However, upon completion of the nine years, the Independent Director may continue to serve the Board subject to the Director's re-designation as a Non-Independent Director.
- 3.4.3. In the event the Director is to remain designated as an Independent Director, the Board shall first justify and obtain shareholders' approval.

3.5. Supply of Information

- 3.5.1. The Company aims to provide all Directors with timely and quality information and in a form and manner appropriate for them to discharge their duties effectively.
- 3.5.2. The management is responsible for providing the Board with the required information in an appropriate and timely manner. If the information provided by the management is insufficient, the Board will make further enquiries where necessary to which the persons responsible will respond as fully and promptly as possible.
- 3.5.3. A full agenda and comprehensive Board papers are circulated to all Directors well in advance of each Board meeting.
- 3.5.4. Amongst others, the Board papers include the following:
- Quarterly financial report and report on the Company's cash and borrowing positions;
 - A current review of the operations of the Company;
 - Reports on Related Party Transactions and Recurrent Related Party Transactions;
 - Directors' share dealings (if any), including public shareholding spread; and
 - Annual Management Plans.
- 3.5.5. The Board records its deliberations, in terms of the issues discussed, and the conclusions in discharging its duties and responsibilities. All decisions made including all issues discussed in arriving at decisions are to be properly recorded to provide a historical record and insight into those decisions.
- 3.5.6. Full Board minutes of each Board meeting are kept by the Company Secretary and are available for inspection by any Director.

4. CHAIRMAN AND CEO

4.1. Chairman

- 4.1.1. The Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of its role.

The Chairman is responsible for:

- leading the Board in setting the values and standards of the Company;
- maintaining a relationship of trust with and between the Executive and Non-Executive Directors;
- ensuring the provision of accurate, timely and clear information to Directors;
- ensuring effective communication with shareholders and relevant stakeholders;
- arranging regular evaluation of the performance of the Board, its Committees and individual Directors; and
- facilitating the effective contribution of Non-Executive Directors and ensuring that constructive relations be maintained between Executive and Non-Executive Directors.

- 4.1.2. The Chairman is responsible for managing the business of the Board to ensure that:
- all Directors are properly briefed on issues arising at Board meetings;
 - sufficient time is allowed for the discussion of complex or contentious issues and, where appropriate, arranging for informal meetings beforehand to enable thorough preparation for the Board discussion;
 - the issues discussed are forward looking and concentrates on strategy.

- 4.1.3. The Chairman ensures that every Board resolution is put to vote to ensure that the will of the majority prevails

- 4.1.4. The Chairman shall have no casting vote if two (2) Directors form a quorum and if one of them is the Chairman.

4.2. CEO

- 4.2.1. The CEO is the conduit between the Board and the management in ensuring that the financial management practice is performed at the highest level of integrity and transparency and that the business and affairs of the Group are carried out in an ethical manner and in compliance with the relevant laws and regulations.

- 4.2.2. The CEO has the executive responsibility for the day-to-day operations of the Company's business.

- 4.2.3. The CEO is responsible for implementing policies of the Board, overseeing the Group's operations and developing the Group's business strategies, which include performance targets and long-terms goals established by the Board. The views of the management are represented at meetings of the Board by the presence of senior executives when required.

- 4.2.4. All Board authorities conferred on the management is delegated through the CEO and this will be considered as the CEO's authority and accountability as far as the Board is concerned.

5. BOARD COMMITTEES

- 5.1. The Board appoints the following Board Committees with specific terms of reference:
- Nominating Committee
 - Audit and Risk Management Committee
 - Remuneration Committee
 - Share Issuance Scheme Option Committee
- 5.2. Independent and Non-Executive Directors play a leading role in these Committees. The management and third parties are co-opted to the Committees as and when required. Details of the membership and a summary of the terms of reference of each Committee appointed by the Board are published in the Annual Report.
- 5.3. These Committees are tasked to examine specific areas and issues and report to the Board on their deliberations together with recommendations. However, the ultimate responsibility for the final decision on all matters lies with the Board.

6. REMUNERATION LEVELS OF DIRECTORS

- 6.1. The Company aims to set remuneration at levels which are sufficient to attract and retain the Directors needed to run the Company successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved, but without paying more than is necessary to achieve this goal.
- 6.2. The level of remuneration for the CEO is determined by the Nomination & Remuneration Committee after giving due consideration to the performance of the Group and achievement of the goals (including quantified organisational targets, Key Performance Indicators and/or personal achievement) set for the CEO at the beginning of the year.
- 6.3. The Board is also guided by market and industry practices in determining the amount of compensation to be paid to the CEO and to other Directors.
- 6.4. No Director other than the CEO shall have a service contract with the Company.
- 6.5. A review of the Directors' remuneration is undertaken once every two (2) years.

7. FINANCIAL REPORTING

7.1. Transparency

- 7.1.1. The Company aims to present a clear and balanced assessment of the Company's financial position and future prospects that extends to the interim and price-sensitive information and other relevant reports submitted to regulators

- 7.1.2. The Directors ensure that the financial statements are prepared so as to give a true and fair view of the current financial status of the Company in accordance with approved accounting standards
- 7.1.3. The Company is to announce to Bursa Securities its quarterly financial results as early as possible within two (2) months after the end of each quarterly financial period or any period as may be set by the relevant authorities in the future.
- 7.1.4. The Auditors Report shall contain a statement from the Auditors explaining their responsibility in forming an independent opinion, based on their audit, of the financial statements.

7.2. Company Auditors

- 7.2.1. The Board has established formal and transparent arrangements for considering how financial reporting and internal control principles will be applied and for maintaining an appropriate relationship with the Company's Auditors through its Audit and Risk Management Committee.
- 7.2.2. The Audit and Risk Management Committee also keeps under review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the Company's Auditors. The Company ensures that the Company's Auditors do not supply a substantial volume of non-audit services to the Company.
- 7.2.3. Appointment of the Company's Auditors is subject to approval of shareholders at General Meetings. The Company's Auditors have to retire during the Annual General Meeting ("AGM") every year and be re-appointed by shareholders for the ensuing year.

7.3. Internal Control and Risk Management

- 7.3.1. The Board ensures the system of internal controls is reviewed on a regular basis.
- 7.3.2. The Audit and Risk Management Committee receives reports regarding the outcome of such reviews on a regular basis.

7.4. Non-Financial Reporting

- 7.4.1. Non-financial reporting by the Board is carried out through the Performance Review, Corporate Responsibility and Corporate Governance sections in the Annual Report as well as other announcements by the Company on its website or press statements.

8. GENERAL MEETINGS

8.1. Annual General Meeting

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

- 8.1.2. 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.
- 8.1.3. The Chairman encourages active participation by the shareholders during the AGM.
- 8.1.4. The Chairman and, where appropriate, the CEO respond 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.
- 8.1.5. The Chairman encourages active participation by the shareholders during the AGM. To encourage poll voting during the AGM, the Chairman shall inform shareholders of their right to demand for a poll at the commencement of the meeting.

8.2. Extraordinary General Meeting

- 8.2.1. The Directors will consider requisitions by shareholders to convene an Extraordinary General Meeting ("EGM") or any other urgent matters requiring immediate attention of the Company.

9. INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION

- 9.1. The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Company and as such adopts an open and transparent policy in respect of its relationship with its shareholders and investors.
- 9.2. The Board ensures the timely release of financial results on a quarterly basis to provide shareholders with an overview of the Company's performance and operations in addition to the various announcements made during the year.
- 9.3. The Company's website provides easy access to corporate information pertaining to the Company and its activities and is continuously updated.

10. RELATIONSHIP WITH OTHER STAKEHOLDERS

In the course of pursuing the vision and mission of the Company, the Board recognises that no Company can exist by maximising shareholder value alone. In this regard, the needs and interests of other stakeholders are also taken into consideration.

10.1. Employee

- 10.1.1. The Board acknowledges that the employees are invaluable assets of the Company and play a vital role in achieving the vision and mission of the Company.
- 10.1.2. The Company adopts comprehensive and documented policies and procedures with respect to the following –

- Occupational safety and health with the objective of providing a safe and healthy working environment for all employees;
- Fair practices in respect of its employees.

10.2. Environment

10.2.1. The Board acknowledges the need to safeguard and minimise the impact to the environment in the course of achieving the Company's vision and mission.

10.2.2. The Company adopts comprehensive and documented policies and procedures as part of its commitment to protect the environment and contribute towards sustainable development.

10.2.3. The Company supports initiatives on environmental issues.

11. COMPANY SECRETARY

11.1. The Board appoints the Company Secretary, who plays an important advisory role, and ensures that the Company Secretary fulfils the functions for which he/she has been appointed.

11.2. The Company Secretary is accountable to the Board through the Chairman of the Board and Committees on all governance matters.

11.3. The Company Secretary is a central source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company.

11.4. The Company Secretary has the responsibility of ensuring that relevant procedures relating to the appointments of new Directors are properly executed.

11.5. The Board members have unlimited access to the professional advice and services of the Company Secretary, which should include advice on –

- Disclosure of interest in securities;
- disclosure of any conflict of interest in a transaction involving the Company;
- prohibition on dealing in securities; and
- restrictions on disclosure of price-sensitive information.

11.6. The Company Secretary must keep abreast of, and inform, the Board of current governance practices.

12. APPLICATION

12.1. The principles set out in this Board Charter are:

- periodically reviewed and updated in accordance with the needs of the Company, and as and when practices on CG develop and new guidelines are issued by the relevant regulatory authorities;
- applied in practice having regard to their spirit and general principles rather than to the latter alone; and
- summarised in the Annual Report as part of a narrative statement by the Directors on CG.

Appendix 1

NWP Holdings Berhad

Board Diversity Policy

The Board Diversity Policy sets out the approach to diversity on the Board. Diversity can be broadly categorized into the following elements:

- Skills, expertise and experience
 - Gender
 - Age
 - Independence
1. NPW Holdings Berhad believes in diversity and values the benefits that diversity can bring to its Board. Diversity promotes the inclusion of different perspectives and ideas, mitigates against groupthink and ensures that the Company has the opportunity to benefit from all available talent. The promotion of a diverse Board makes prudent business sense and promotes better corporate governance.
 2. The Company seeks to maintain a Board comprising talented and dedicated directors with a diverse mix of skills, expertise, experience, gender, age and independence. The diversity collectively represented on the Board should reflect the diverse nature of the business environment in which the Company operates.
 3. The Board will periodically assess the skills, expertise, experience, gender, age and independence of its directors in light of the needs of the Board.
 4. The Nomination Committee will review this policy periodically to assess its effectiveness in promoting a diverse Board which includes an appropriate number of women directors. Any revision to the Policy as recommended by the Nomination Committee will be submitted to the Board for consideration and approval.