

OPENSYS (M) BERHAD
Registration No. 199501040614 (369818-W)

BOARD CHARTER

1. INTRODUCTION

The Directors of OpenSys (M) Berhad ("OpenSys") regard Corporate Governance as important to the success of OpenSys's business and are unreservedly committed to ensure that the following principles of good governance are practised in all of its business dealings in respect of its shareholders and relevant stakeholders :-

- The Board is the focal point of the Company's Corporate Governance 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 to the Company for achieving a high level of good governance.
- This Board Charter shall continue and form an integral part of each Director's duties and responsibilities.

This Board Charter is not a total document and should be read as an expression of principle for optimising corporate performance and accountability. The Board will review and update (if necessary) the Board Charter on an annual basis.

2. OBJECTIVES

The objectives of this Board Charter are to ensure that all Board members acting on behalf of the Company 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 Corporate Governance are applied in all their dealings in respect and on behalf of the Company.

In pursuit of the ideals in this Board Charter, the intention is to exceed "minimum legal requirements" with due consideration to recognised standards of best practices locally and internationally.

3. THE BOARD

3.1 Role

- 3.1.1 The Board is in charge of leading and managing the Company in an effective and responsible manner. Each Director has a legal duty to act in the best interest 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 Group are managed.

- 3.1.2 The Board meets at least once every quarter to facilitate the discharge of their responsibilities. Members of the management who are not Directors may be invited to attend and speak at meetings on matters relating to their sphere of responsibilities.
- 3.1.3 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.

3.2 Board Structure

- 3.2.1 The Regulations governing the management of OpenSys are found in the Company's Constitution which stipulates among others, the appointment and number of Directors, the election of a Chairman of the Board; who will preside at all Board meetings, the appointment of Managing Director and rotation of Directors, etc.
- 3.2.2 Although the Board is made up of a variety of Directors with different roles and responsibilities, there is no distinction in their accountabilities to the Company.

3.3 Composition and Board Balance

- 3.3.1 The number of Directors shall not be less than 3 and not more than 12 unless otherwise determined by a General Meeting, as stipulated in the Company's Constitution.

The Board members must have balance diversity which comprises the requisite knowledge, experience, skills and competence.

- 3.3.2 The Board is the Company's decision-making body. It is therefore imperative that the Board should be sized in a manner most effective to facilitate decision-making and deliberation processes.
- 3.3.3 A strong and independent element on the Board should be present to exercise independent objective judgment on the corporate affairs of the Company. No individual or small group of individuals should be allowed to dominate the Board's decision-making process.
- 3.3.4 In addition to ensuring the existence of an independent element, consideration is given to the characteristics of each Board member such as business acumen, skills, business background and experience, forming the dynamics of the Board.
- 3.3.5 Profiles of Board members are included in the Annual Report of the Company.

3.4 Appointments

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

- 3.4.2 The Company Secretary has the responsibility of ensuring that relevant procedures relating to the appointments of new Directors are properly executed.
- 3.4.3 The Company has adopted educational/training programmes to update the Board in relation to new developments pertaining to the laws and regulations and changing commercial risks which may affect the Board and/or the Company.
- 3.4.4 In addition to the Mandatory Accredited Programme (MAP) as required by Bursa Malaysia Securities Berhad, 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 evaluate and determine the training needs of the Directors and disclose in the Annual Report the trainings attended by the Directors.
- 3.4.5 The directorships held by any Board member at any one time shall not exceed 5 in listed companies.

3.5 Re-election/Re-appointment

1/3 of Directors are subject to retirement by rotation yearly or at the interval of every 3 years.

3.6 Supply of Information

- 3.6.1 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.
- 3.6.2 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.
- 3.6.3 A full agenda and comprehensive Board papers are circulated to all Directors well in advance of each Board meeting.
- 3.6.4 Minutes of each Board meeting are kept by the Company Secretary and are available for inspection by any Director during office hours.

4. EXECUTIVE CHAIRMAN AND CHIEF EXECUTIVE OFFICER ("CEO")

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

4.1 Executive Chairman

The Executive Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of his role. Decisions of the Board are made collectively during Board meetings. In order to ensure that meetings are properly facilitated, and the Board properly led, the Chairman plays a crucial and pivotal leadership role in ensuring that the Board works effectively. Additionally, the Chairman of the Board is usually the presiding Chairman during general meetings of the Company.

The Chairman of the Board endeavours to create an environment which promotes constructive deliberations leading to effective contributions by each Board member during Board meetings. Further, the Chairman must be able to manage personal conflicts and help to focus the Board on what really matters as opposed to simply going through the agenda.

The Executive Chairman is responsible for the following:-

- (a) to provide leadership and run the Board effectively with the assistance of the Board Committees and management;
- (b) to ensure the whole Board plays a full and constructive part in developing and determining the Group's strategy and overall business and commercial objectives;
- (c) to ensure the Board annually reviews its performance and its balance so as to achieve its effectiveness;
- (d) to chair general meetings and Board meetings; and
- (e) to promote the highest standards of integrity, probity and corporate governance in the Group.

4.2 CEO

CEO is responsible to the Board for the day-to-day management of the Company and for fulfilling all policy matters set by the Board. These are expounded below.

CEO leads the management team. The Board holds the CEO accountable for the performance of the management team.

The key roles of the CEO are:-

- (a) to manage the Group's business and ensure that operational planning and control systems are in place;
- (b) to be accountable and responsible for the Group's operations and financial performance;
- (c) to lead the management and employees and express his clear leadership;
- (d) to prepare and implement strategic plans;
- (e) to submit and implement acquisition/investment proposals;
- (f) to develop an organizational structure with the necessary succession planning;
- (g) to promote communications internally and externally for the Group as the chief communicator by monitoring the goals, visions, missions and challenges;
- (h) to maintain a friendly environment and develop organization culture, values and reputation in its markets;

- (i) to have good corporate social responsibility programs for shareholders, staff, customers, suppliers, partners and regulatory/official bodies;
- (j) to ensure the executive team implements the decisions of the Board and its Committees;
- (k) to assist the Chairman in drawing up the agenda for Board meetings by providing input in relation to important strategic issues facing the business; and
- (l) to lead the group to meet its vision and mission.

5. BOARD COMMITTEES

5.1 To assist the Board in fulfilling its duties and responsibilities, the Board has established the following Committees:-

- (a) Audit Committee;
- (b) Nomination Committee; and
- (c) Remuneration Committee.

5.2 The Committees have Terms of Reference which have been approved by the Board.

5.3 The Board can establish ad hoc Committees as and when necessary.

6. GENERAL MEETINGS

6.1 Annual General Meeting (“AGM”)

6.1.1 The Company regards the AGM as an important event in the corporate calendar of which all Directors and key senior executives are encouraged to attend.

6.1.2 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.

6.1.3 The Executive Chairman encourages active participation by the shareholders during the AGM.

6.1.4 The Executive Chairman and, where appropriate, the CEO respond to shareholders’ queries during the meeting. Where necessary, the Executive Chairman will undertake to provide a written answer to any significant question that cannot be readily answered at the meeting.

6.2 Extraordinary General Meeting (“EGM”)

6.2.1 The Directors will consider requisitions by shareholders to convene an EGM or any other urgent matters requiring immediate attention of the Company.

7. INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION

- 7.1 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.
- 7.2 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.
- 7.3 A press interview may be held on ad hoc basis whereby the CEO will give a press release stating the Company's results, their prospects and outline any specific event for notation.
- 7.4 The Company's website provides easy access to corporate information pertaining to the Company and its activities and is continuously updated.

8. 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 shareholders value alone. In this regard, the needs and interests of other stakeholders are also taken into consideration.

It is the Company's responsibility to integrate responsible ethical practices into all aspects of the business operations to ensure the long-term sustainability of business of the Company.

The Company encourages the practice of high ethical standards and upgrade of the level of Corporate Conduct to cover 4 main criteria as follows:-

8.1 Market Place

- 8.1.1 The Company is committed to uphold the corporate responsibility practices and to enhance the economic responsibilities by creating a good return to safeguard its shareholders' investment.
- 8.1.2 The Company is responsible to strive to develop and provide products and services which offer value in terms of price, quality, safety and environmental impact.
- 8.1.3 The Company acknowledges the importance of good corporate governance and ensure adherence to the Malaysian Code on Corporate Governance and to comply with all listing requirements, rules and regulations.

8.2 Work Place

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

- a) Occupational safety and health with the objective of providing a safe, conducive and healthy working environment for all employees; and
- b) Industrial relations with the objectives of managing employees' welfare and well-being in the workplace.

8.3 Environment

- 8.3.1 The Company acknowledges the need to safeguard and minimise the impact to the environment in the course of achieving the Company's vision and mission.
- 8.3.2 The Company adopts comprehensive and documented policies and procedures as part of its commitment to protect the environment and contribute towards sustainable development.
- 8.3.3 The Company supports initiatives on environmental issues.

8.4 Community

- 8.4.1 The Company plays a vital role in contributing towards the welfare of the community in which it operates.
- 8.4.2 The Company supports charitable causes and initiatives on community development projects.

9. COMPANY SECRETARY

- 9.1 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.
- 9.2 The Company Secretary is accountable to the Board through the Executive Directors on all governance matters.
- 9.3 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.
- 9.4 The Company Secretary should advise Directors of their obligations to adhere to matters relating to:-
 - (a) disclosure of interest in securities;
 - (b) disclosure of any conflict of interest in a transaction involving the Company;
 - (c) prohibition on dealing in securities; and
 - (d) restrictions on disclosure of price-sensitive information.
- 9.5 The Company Secretary must keep abreast of, and inform, the Board of current governance practices.
- 9.6 The Board members have unlimited access to the professional advice and services of the Company Secretary.