

**MANAGEPAY SYSTEMS BERHAD**  
**(Company No. 887689-D)**

**Board Charter**

**1. Purpose of the Board Charter**

This Board Charter sets out the principles for the operation of the Board of Directors (“Board”) of ManagePay Systems Berhad (“MPAY” or “the Company”) and its subsidiaries (“the Group”) and describes the functions of the Board and those functions delegated to Management of the Company.

The Board has primary responsibility to shareholders for the welfare of the Company. The Board is responsible for guiding and monitoring the business and the affairs of the Company. The Company recognises the important of the Board in providing a sound base for good corporate governance in the operations of the Company.

This Board Charter is established to promote high standards of corporate governance and is designed to provide guidance and clarity for Directors and management with regard to the role of the Board and its committees. This Board Charter does not overrule or pre-empt the statutory requirements and other relevant statutes. This Board Charter shall form an integral part of each Director’s duties and responsibilities.

**2. Composition of the Board**

- 2.1. The Board shall be of a size and composition with the benefit of diversity in perspectives and skills to understand properly and deal with the current and emerging issues of the business of the Company.
- 2.2. The Board shall comprise at least two (2) Directors or one-third (1/3), whichever is higher, of the Board of Directors who are Independent Directors. If the Chairman is not an Independent Director, the Board shall comprise a majority (more than half) of Independent Directors to ensure balance of power and authority on the board.
- 2.3. The appointment of a new member to the Board is only made after consultation with the Nomination Committee.
- 2.4. The Board recognises the importance of having a clearly accepted division of power and responsibilities at the head of the Company to ensure a balance of power and authority. It is the policy of the Board to keep the roles of the Chairman and the Managing Director/Chief Executive Officer (“MD/CEO”) separately.
- 2.5. A Director shall notify the Board’s Chairman before he/she accepts any new directorships in other Public Listed Companies.
- 2.6. The tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. The Board may, in exceptional cases and subject to the assessment of the Nominating Committee on an annual basis, recommend for an Independent Director who has served a consecutive or cumulative term of nine (9) years to remain as an Independent Director subject to Shareholders’ approval.

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**3. Role of the Board**

- 3.1. The Board shall assume ultimate accountability and responsibility for the performance and affairs of the Company and shall in so doing effectively represent and promote the legitimate interests of the Company and its shareholders. The Board, at all times, shall retain full and effective control over the Company and shall direct and supervise the business and affairs of the Company.
- 3.2. The Board shall ensure that Management has in place appropriate processes for risk assessment, management and internal controls and monitoring performance against agreed benchmarks. The Board shall work with Senior Management as collaborators in advancing the interests of the Company.
- 3.3. The Board has delegated certain responsibilities to committees which operate in accordance with Charter approved by the Board and delegated the day to day management of the Business of the Group to Management, Executive Officer and MD/CEO subject to an agreed authority limit.
- 3.4. The principal responsibilities of the Board including those adopted from the new Malaysian Code of Corporate Governance 2012 (“the Code”) are:
  - reviewing and adopting a strategic plan for the Group;
  - overseeing the conduct of the Group’s businesses to evaluate whether the Group’s businesses are being properly managed;
  - identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
  - succession planning, including appointing, training, fixing the compensation of and, where appropriate, replacing key management;
  - developing and implementing a Corporate Disclosure Policy (including an investor relations programme or shareholder communications policy) for the Group;
  - reviewing the adequacy and the integrity of the Group’s internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
  - monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting
  - ensuring that the Group’s financial statements are true and fair and conform with the accounting standards;
  - monitoring and reviewing policies and procedures relating to occupational health and safety and compliance with relevant laws and regulations; and
  - ensuring that the Group adheres to high standards of ethics and corporate behaviour.

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- 3.5. In overseeing the conduct of the Group's Business, the Board shall ensure that an appropriate financial planning, operating and reporting framework as well as an embedded risk management framework is established. Elements under this combined framework include the Business Plan, the budget, financial statements, divisional strategic/performance reviews reports and risk management reports.

**4. Role of the Chairman**

The Chairman is primarily responsible for:

- 4.1. leading the Board in the oversight of management;
- 4.2. representing the Board to shareholders and chairing general meetings of shareholders;
- 4.3. ensuring the integrity of the governance process and issues;
- 4.4. maintaining regular dialogue with the MD/CEO over all operational matters and consulting with the remainder of the Board promptly over any matters that gives him/her cause for major concern;
- 4.5. functioning as a facilitator at meetings of the Board to ensure that no member dominates discussion, that appropriate discussions takes place and that relevant opinions among members is forthcoming;
- 4.6. ensuring that all Directors are enabled and encouraged to participate in its activities;
- 4.7. ensuring that Executive Directors look beyond their executive function and accept their share of responsibilities in governance;
- 4.8. guiding and mediating Board actions with respect to organisational priorities and governance concerns;
- 4.9. undertaking the primary responsibility for organising information necessary for the Board to deal with items on the agenda and for providing this information to Directors on a timely basis; and
- 4.10. performing other responsibilities assigned by the Board from time to time.

**5. Role of the MD/CEO**

- 5.1. The position of the MD/CEO in essence is to ensure the effective implementation of the Group's Business Plan and Policies established by the Board as well as to manage the daily conduct of the business and affairs to ensure its smooth operation.
- 5.2. The responsibility of the MD/CEO shall be stated in an agreed job description and generally, the MD/CEO is responsible to the Board for the following:-

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- executive management of the Group's Business covering, inter alia, the development of a strategic plan; an annual operating plan and budget; performance benchmarks to gauge management performance and the analysis of management reports;
- developing long-term strategic and short-term profit plans, designed to ensure that the Group's requirements for growth, profitability and return on capital are achieved;
- set, review and ensure compliance with the Company's value;
- directing and controlling all aspects of the business operations in a cost effective manner;
- effectively oversee the human resources of the Group with respect to key positions in the Group's hierarchy;
- ensures that the Group's Financial Reports present a true and fair view of the Group's financial condition and operational results and are in accordance with the relevant accounting standards;
- assures the Group's corporate identity, products and services are of high standards and are reflective of the market environment;
- be the official spokesman for the Company and responsible for regulatory, governmental and business relationships;
- ensures compliance with governmental procedures and regulations;
- coordinates business plans with the businesses heads, coordinates management issues through the Board, and oversees divisional function groups and cost containment process in consultation with the Financial Controller;
- maintains and facilitates a positive working environment and good employee relations; and
- assists the Chairman in organising information necessary for the Board to deal with the agenda and for providing this information to Directors on a timely basis.

In discharging the above responsibilities, the MD/CEO can delegate appropriate functions to the senior management, who shall report to the MD/CEO.

## **6. Board Processes**

Board Meetings shall be conducted in a business-like manner where all Directors are encouraged to share their views and partake in discussions.

### **6.1. Frequency**

- 6.1.1. The Board shall meet regularly, at least on a quarterly basis. Special Board meetings shall be held in addition to the quarterly meetings as and when required. Prior notice of meetings will be given to all who are required to attend the meetings.

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- 6.1.2. Board members are required to attend the Board meetings and attendance of each individual Director in the meetings held in a financial year is required to be disclosed in the Annual Report.
- 6.1.3. Other senior officers may be invited to attend 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.
- 6.1.4. Additional formal business is dealt with as required, whether by physical, videoconferencing or telephonic meetings, as well other electronic meetings allowed under the laws or the Company's Constitution.

#### **6.2. Agenda**

- 6.2.1. The notice of a Directors' meeting shall be given in writing at least seven (7) days prior to the meeting.
- 6.2.2. 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.

#### **6.3. Meeting Papers**

- 6.3.1. Board papers and agenda items are to be circulated at least three (3) days prior to the meeting.
- 6.3.2. The minutes of Board meetings shall be prepared within fourteen (14) days following a Board meeting. The draft minutes shall be circulated together with the Board papers at the following Board meeting. If one or more Directors request their opinion to be noted, the Company Secretary shall comply with the request.

#### **6.4. Access to Information and Independent Professional Advice**

- 6.4.1. All Directors (executive and non-executive) have the same right of access to all information within the Group whether as a full board or in their individual capacity, in furtherance of their duties and responsibilities as Directors of the Group, subject to a formal written request to the Chairman furnishing satisfactory and explicit justification for such request
- 6.4.2. All Directors shall have access to the advice and services of the Company Secretary. The Board shall recognise that the Chairman is entitled to the strong and positive support of the Company Secretary in ensuring the effective functioning of the Board.
- 6.4.3. The full Board or in their individual capacity, in furtherance of their duties, shall be able to obtain an independent professional advice at

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the Group's expenses through an agreed procedure laid down formally.

**7. Company Secretary**

7.1. The Company Secretary shall be suitably qualified, competent and capable of carrying out the duties required of the post.

7.2. The key role of the Company Secretary shall include:-

- provide unhindered advice and services for the Directors, as and when the need arises;
- enhance the effective functioning of the Board;
- ensure regulatory compliance;
- preparing agendas and coordinating the preparation of the Board papers in a timely and effective manner;
- ensure that Board procedures and applicable rules are observed;
- maintaining records of the Board and ensure effective management of organisation's records;
- preparing comprehensive minutes to document Board proceedings and ensure conclusions are accurately recorded;
- assisting the communications between the Board and Management; and
- providing full access and services to the Board and carrying out other functions deemed appropriate by the Board from time to time.

**8. Board Committees**

8.1. The Board reserves the right to establish Committees from time to time in the discharge of its duties and responsibilities.

8.2. Where a Committee is formed, specific terms of reference of the committee would be established to serve as a guidance note which covers matters such as the purpose, composition and functions of the committee.

8.3. A number of standing committees with written terms of reference has been established namely the following:

a) **Audit Committee**

Audit Committee assists in providing oversight on the Group's financial reporting, disclosure, regulatory compliance and monitoring of internal control processes within the Group. The Audit Committee reviews the quarterly financial results, unaudited and audited financial statements, internal and external audit reports as well as related party transactions.

b) **Nomination Committee**

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The Nomination 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 identify candidates to fill board vacancies, and nominating them for approval by the Board.

**c) Remuneration Committee**

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

## **9. The Board's Relationship with Shareholders and Stakeholders**

- 9.1. The Board shall maintain an effective communications policy that enables both the Board and Management to communicate effectively with its shareholders, stakeholders and the general public.
- 9.2. It is the role of the Board to ensure that the Annual General Meeting ("AGM") and Extraordinary General Meeting ("EGM") of the Company are conducted in an efficient manner and serves as a crucial mechanism in shareholder communications. Key ingredients behind this include the supply of comprehensive and timely information to shareholders and the encouragement of active participation at the AGM.
- 9.3. The Board will focus its efforts on the following best practices to enhance the effectiveness of the General Meeting:-
  - ensure that each item of special business included in the notice to be accompanied by a full explanation of the effects of the proposed resolution;
  - for re-election of Directors, ensures that the notice of meeting state which Directors are standing for election or re-election with a brief description to include matters such as age, relevant experience, list of directorships, date of appointment to the Board, details of participation in board committee and the fact that a particular Director is independent;
  - ensure that the Chairman provides reasonable time for discussion at the meeting. Where appropriate and if required, the Chairman will also undertake to provide written answer to any significant question which cannot be answered immediately; and
  - conduct a business presentation with a question and answer session, where appropriate and if required.
- 9.4. The MD/CEO shall take responsibility for addressing queries from Shareholders, stakeholders and analysts.

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**10. Induction Process**

- 10.1. The objective of the induction process is to provide Directors with a rapid and clear insight into the Group as well as keeping them abreast with development in the market place pertaining to the oversight function of Directors. This will enable the Directors to discharge their duties and responsibilities effectively.
- 10.2. Induction of Directors may include, but not limited to, the following:
- furnishing of a copy of the previous board minutes for at least the past six (6) months; the Business/strategic plan, pertinent Management reports; profile of key competitors and significant reports by management consultants on areas of board responsibilities;
  - visits to key sites; and
  - a formal one (1) to two (2) day induction programme, including the elements above, and also presentations from various divisions on their strengths, weaknesses and ambitions.

**11. Directors' External Commitments and Conflict of Interest**

- 11.1. The Company's Articles of Association stipulate that a Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare his interest in accordance with the provisions of the Companies Act, 1965. The Director concerned shall not participate in deliberations and shall abstain himself from casting his votes in any matter arising thereof unless otherwise as provided for in the Articles of the Company.
- 11.2. Shall there be an actual, potential or perceived conflict of interest between the Company or a related corporation and a Director, or an associate of a Director such as a spouse or other family members, or a related company, the Director involved shall make full disclosure and act honestly in the best interest of the Company.
- 11.3. An actual, potential or perceived conflict of interest shall not necessarily disqualify an individual Director from the Board provided that full disclosure of the interest has been made in good faith and with due honesty.

**12. Representation of the Company**

- 12.1. The Board appoints the MD/CEO to speak on behalf of the Group and to manage the communication of information to investors, other stakeholders and the public in an orderly and effective manner while adhering, at all times, to relevant laws and regulatory requirements.
- 12.2. Non-executive Directors with the possible exception of the Chairman to as far an extent as possible, shall avoid commenting on the Company to external audiences. This is to avoid confusion and to ensure that the Board speaks in one voice.

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**13. Review**

This Charter and all Board Committee Charters and Policies shall be reviewed annually by the Board.