

TROPICAL PARADISE CO LTD AND SUBSIDIARIES
(“TPCL”)
BOARD CHARTER

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1. INTRODUCTION

This Board Charter sets out the role, composition and responsibilities of the Board of Directors of TPCL within the governance structure of TPCL and its subsidiaries.

This Charter should be read in conjunction with the Company’s Constitution and in case of a dispute in content or meaning, the wording in the Constitution shall prevail.

2. COMPOSITION

The Board is a unitary Board and consists presently of two executive directors and eight non-executive directors, four of whom are independent.

The Constitution provides for a minimum of three to a maximum of twelve directors.

The composition of the board comprises of:

- Directors with an appropriate range of skills and experience;
- Directors who have a proper understanding of their role and be able to exercise sound and independent judgement about the affairs of the Company;
- Directors who have competence to deal with current and emerging issues of the business and who can effectively review and challenge constructively the performance of management.
- Directors who adhere to good governance practices and share TPCL’s code of ethics.

3. ATTENDANCE AT MEETINGS

A director should aim to attend all board and committee meetings of which he is a member.

A calendar of board and committee meetings for the year is communicated to the directors at the beginning of the calendar year to enable directors to ensure they are present at the scheduled meetings.

In case of frequent absences from meetings, the director shall explain his absences to the Chairperson.

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A director shall inform the Secretary of any prolonged absence from the country and the period of such absence.

4. ADMITTANCE TO MEETINGS

Admission to meeting of persons other than directors and the company secretary shall be decided by the Chairperson in consultation with the Directors.

5. TERM OF OFFICE AND VACATION OF OFFICE

Each director has a term of office of three years after which term, he shall retire by rotation and may offer himself for re-election.

A director shall be deemed to have vacated his office after being absent, without permission of the Board, for six consecutive meetings of the Board.

6. APPOINTMENT AND EVALUATION OF DIRECTORS AND COMMITTEE MEMBERS

The Corporate Governance Committee who has been entrusted the responsibilities of the Nomination and Remuneration Committee is responsible for the identification and recommendation of candidates for appointment as Director to the Board and for reviewing the remuneration of Directors.

Non-Executive Directors will be appointed pursuant to formal letters of appointment setting out the key terms and conditions of the appointment.

A board evaluation exercise is carried out every two years to assess the effectiveness of the Board and the Committees as a whole. The board evaluation exercise is led by the Corporate Governance Committee and the findings are reported to the Board.

7. REMUNERATION OF DIRECTORS

The Company’s philosophy concerning remuneration is set out in its Remuneration Policy.

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The Board shall determine the remuneration of the Directors on a proposal of the Corporate Governance Committee and within the terms of the remuneration policy.

Apart from their fees, Directors shall be reimbursed for all reasonable costs incurred in connection with their attendance at meetings.

Any other expenses incurred shall be reimbursed only if incurred with the prior consent of the Chairperson.

The company and its subsidiaries shall not grant personal loans, guarantees or similar facility to Directors.

8. BOARD MEETINGS

The Board shall meet at least five times a year but this does not preclude the board to meet more often, if required.

Board meetings may be held by conference call, video conference or by any other means of communication, provided all participants can communicate with each other simultaneously.

i. CONDUCT OF MEETING

Board meetings shall be presided by the Chairperson and in his absence by a person designated by the Chairperson to preside over meetings during his absence.

ii. QUORUM AND VOTING AT MEETINGS

The quorum for the holding of board meetings shall be a minimum of 40% of number of Directors in office.

iii. AGENDA AND NOTICE OF MEETINGS

The Chairperson in concurrence with the Executive Directors and the Company Secretary shall determine the agenda of the meeting. The Secretary shall prepare and circulate the agenda to the Directors.

Notice of meetings shall be sent to Directors at least within ten working days prior to meetings.

iv. BOARD PAPERS

Board papers are to be circulated at least five days prior to the meeting to allow Directors sufficient time to apprise of the board papers and seek additional information on the board

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papers submitted to them from either the Managing Director, the Executive Director or the Chairperson.

9. ROLE AND RESPONSIBILITIES OF THE BOARD

The Board as a whole is collectively responsible for promoting the success of the company by directing and supervising the company’s affairs. The Board:

- i. sets the company’s strategic aims, ensures that the necessary financial and human resources are in place for the company to meet its objectives, and reviews management performance;
- ii. provides entrepreneurial leadership of the company within a framework of prudent and effective controls which enable risk to be assessed and managed; and
- iii. sets the company’s values and standards and ensures that its obligations to its shareholders and other stakeholders are understood and met.

A. Duties regarding Supervision of Management

The Board has delegated authority for the operations and administration of the Company to the Managing Director.

In exercising its duties of management supervision, the Board shall consider:

- (i) the realisation of the company’s objectives;
- (ii) the strategy and risks with regard to the company’s activities;
- (iii) the structure and operation of the internal risk management and audit and control systems;
- (iv) the financial reporting process;
- (v) compliance with laws and regulations;
- (vi) any other matters the law requires the Board to consider.

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B. Duties regarding the Members and the Performance of the Board

The duties of the Board in relation to the composition of the Board include:

- (i) the nomination of members of the Board, on the recommendation of the Corporate Governance Committee, for subsequent appointment at the general meeting of shareholders);
- (ii) the appointment of the chairperson, the setting up of committees of the board and defining their role, the evaluation of the Board;
- (iii) addressing any conflicts of interest issues between the company and its members of the Board.

C. Monitoring of Financial Reporting

The Board, in consultation with the Audit & Risk Committee, monitors compliance with written procedures for the preparation and publication of the annual report and financial statements, the quarterly abridged financial reports and any other financial information.

The Board, through the Audit & Risk Committee, also supervises the internal control and audit approach and methodology for financial reporting.

The Audit & Risk Committee shall report to the Board and shall make its recommendations for consideration by the Board.

D. Duties regarding the Nomination and Assessment of the External Auditor

The Board shall ensure that an open, transparent and competitive selection process for the nomination of the external auditor is completed at least every seven years. In addition, a yearly evaluation process shall be conducted by the management and assessed by the Audit and Risk Committee prior to proposing the reappointment of the external auditor. The Board shall ensure that the auditor’s firm signing partner is rotated at least every five years.

The decision concerning the remuneration of the external auditor is delegated to the Board by the shareholders. On recommendation of the Audit & Risk Committee, the Board will assess the independence of the external auditor and decide on the external auditors’ fees for audit services.

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Conflicts of interest and potential conflicts of interest between the external auditor and the organisation shall be resolved as determined by the Board on the recommendation of the Audit & Risk Committee.

E. Relationship with Shareholders

The Board shall determine the date and place of any general meeting and a record date for the exercise of voting and any other rights attached to shares at such meetings.

The Board shall provide the shareholders with all the information necessary to enable the shareholders to participate in the general meeting.

All Directors should endeavour to attend annual meetings of shareholders.

The Chairperson of the Board presides over meetings of shareholders or in his absence, the person designated to preside over board meetings in the absence of the Chairperson shall preside over meetings of shareholders.

10.ROLE OF INDIVIDUAL DIRECTORS

Directors are expected to comply with their legal, statutory and other duties and obligations when discharging their responsibilities as directors. Directors should exercise independent judgement in all circumstances.

Broadly, these include:

- a. Acting in good faith and in the best interests of TPCL;
- b. Acting with care and diligence and in the best interests of TPCL;
- c. Avoiding conflicts of interest wherever possible; and
- d. Refraining from making improper use of information gained through the position of director and from taking improper advantage of the position of director.

A Directors' Code of Ethics has also been adopted and guides Directors in their general conduct and in maintaining integrity and ethics in their dealings with stakeholders.

10.1. Time commitment

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Directors shall ensure that they devote adequate time to the expectations of their role as Directors of the Company and be appropriately prepared for each meeting.

The agreement of the chairperson should be sought before accepting supplementary commitments that might affect the time directors are able to devote to their role as a director of the Company.

10.2. Key elements of the role of Directors:

Strategy: Directors should constructively challenge and contribute to the development of strategy;

Performance: Directors should scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;

Risk: Directors should satisfy themselves that financial information are accurate and that financial controls and systems of risk management are robust and defensible.

Directors should inform themselves to a reasonable extent about the subject matter of all decisions they are called upon to make as directors of the Company.

Directors are expected to maintain the skills required to discharge their obligations to the Company. Newly appointed directors will follow an induction to familiarise themselves with the business and their responsibility towards the Company.

Executive Directors must always manage the conflict between their management responsibilities and their fiduciary duties as a director in the best interests of the Company. Additionally, executive directors have the additional responsibility of ensuring that the information laid out before the Board is an accurate and true representation of their understanding of the Company's affairs.

11.ROLE OF THE CHAIR

The role of the Chairperson is defined in the Position Statement of the Chairperson.

12.ROLE OF THE SECRETARY

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The role of the Company Secretary is defined in its Terms of Reference.

13. CONFLICTS OF INTEREST AND RELATED PARTY TRANSACTIONS

The Directors’ Code of Ethics set out the principles to be adhered by Directors whenever they perceive that they are or will be in a position of conflict of interest with the Company or they are an interested party in a transaction or proposed transaction with the Company.

Pursuant to the above, a director shall forthwith, after becoming aware of such a situation, disclose same to the Board and cause same to be entered into the Interests Register.

A director must avoid dealing in shares of the Company during close periods. All dealings in the shares of the Company shall be disclosed to the Board and shall be recorded in the Interests Register.

14. BOARD COMMITTEES

The Board appoints committee members from among its own members or co-opt external consultants to perform specific tasks.

The Board shall determine the members of any Committee. The Board has established an Audit & Risk Committee and a Corporate Governance Committee which also handles the functions of nomination and remuneration of Directors.

i. AUDIT & RISK COMMITTEE

The Audit & Risk Committee is a Committee of the Board and its composition and its responsibilities are covered in its terms of reference.

ii. CORPORATE GOVERNANCE COMMITTEE (INCLUDING NOMINATION AND REMUNERATION FUNCTIONS)

The Corporate Governance Committee includes in its terms of reference the function of nomination and remuneration of Directors. Its role is to ensure that the reporting requirements on Corporate Governance in the annual report are in accordance with the principles of the Code.

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iii. COMMITTEE REPORTING

The Chairperson of the respective board committees reports on the deliberations and recommendations of the Committee to the Board.

Each Chairperson of Committees should inform the Board on the actions it has taken and major developments of which it becomes aware. Each Board member has unrestricted access to all committee records.

iv. TERMS OF REFERENCE OF BOARD COMMITTEES

The Board shall establish or amend the terms of reference of the committees, which set out the role, and responsibilities of the committee, its composition and how it should perform its duties.

The terms of reference of committees shall be reviewed as and when required, and in any case, at least every five years.

15. OTHER PROVISIONS

A. (I) PROFESSIONAL ADVICE TO BE SOUGHT BY THE BOARD

The Board may hire experts for assistance and advice. The cost of such experts shall be agreed by the Board and shall be paid by the Company.

(II) PROFESSIONAL ADVICE TO BE SOUGHT BY INDIVIDUAL DIRECTORS

The Board may also give its consent to an individual director to make proper inquiry, where the need for inquiry is indicated by the circumstances, and to seek independent professional advice at the company's expense.

B. ACCEPTANCE BY DIRECTORS

Anyone who is appointed as a board member must, upon assuming office, declare in writing to the company that he accepts and agrees to comply with the provisions of this board charter.

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C. AMENDMENT

This charter may be amended by the Board at its sole discretion without prior notification.

D. INTERPRETATION

In case of uncertainty or difference of opinion on how a provision of this charter should be interpreted, the opinion of the Chairperson of the Board shall be decisive.

E. PARTIAL INVALIDITY

If one or more provisions of this charter are (or become) invalid, this shall not affect the validity of the remaining provisions. The Board may replace the invalid provisions by provisions which are valid, in order to keep the Board Charter up to date with the practicalities and processes of the board.