

**BERJAYA AUTO BERHAD**  
**(Company No. 900557-M)**

**BOARD CHARTER**

**1. INTRODUCTION**

The Board of Directors (“the Board”) is responsible for the performance and affairs of the Company and its subsidiaries (collectively “the Group”). All Board members are expected to show good stewardship and act in a professional manner and should have sound and sufficient knowledge and expertise to enable effective governance and oversight. The Board shall, in so far possible, apply the principles and practices of good corporate governance in all its dealings for, or on behalf of the Company and to uphold the core values of integrity and enterprise as part of their fiduciary duties and responsibilities.

**2. PURPOSE**

The purpose of the Board Charter is to set out the roles, duties and responsibilities as well as the composition and processes to enable all Board members, acting on behalf of the Company, to be aware of their duties and responsibilities at all times.

The Board Charter also serves as a comprehensive guide for prospective or new Board members and senior management to understand their roles and responsibilities and the commitment of time and contribution expected of them.

This Board Charter is subject to the provisions of the Companies Act, 1965, the Company’s Articles of Association, the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa”), the recommended principles of the Malaysian Code of Corporate Governance 2012 (“MCCG 2012”) and any other applicable law or regulatory requirements.

**3. THE BOARD**

**3.1 Membership**

The Board shall comprise a balance of executive and non-executive directors who are experienced and competent and have the time to effectively discharge their role as a director of the Company. Pursuant to the Company’s Articles of Association, the number of directors of the Company shall not be less than two (2) directors and not more than eighteen (18).

The size, composition and diversity of the Board shall be reviewed and determined from time to time to reflect the Company’s requirements and to facilitate effective decision-making.

At least two (2) or one third (1/3) of the Board members, whichever is higher, shall be non-executive independent directors who provide independent judgement and objectivity. The Board (through the Nomination Committee) shall conduct an annual assessment of the independence of the independent directors. Where the tenure of an independent director exceeds a cumulative term of nine (9) years, the Board shall make recommendation and provide justifications to shareholders at a general meeting should it seek to retain the director as an independent director. Alternatively, the independent director may continue to serve on the Board subject to the director's re-designation as a non-independent director.

The Board has appointed a senior independent director to whom concerns relating to the Company and the Group can be conveyed.

### 3.2 Chairman and Chief Executive Officer ("CEO") and other Directors

The Chairman shall be a non-executive independent director and the roles of the Chairman and CEO shall be distinct and separated to ensure a balance of power and authority. Hence, the running of the Board and the executive function of the management of the Company's business will be the responsibilities of the Chairman and the Chief Executive Officer respectively.

In the event the Chairman is not an independent director, then the Board shall comprise a majority of independent directors.

If the Company is not in compliance with the best practices of MCCG 2012 with respect to the Chairman and CEO of the Company as above, then Company shall provide the justifications and explanations of the non-compliance in its Annual Report.

#### 3.2.1 Role of the Chairman

The Chairman is elected by the Board and will preside at all Board meetings and general meetings of the Company. The Chairman will ensure that procedural rules are followed in the conduct of meetings and that decisions made are formally recorded and adopted.

#### 3.2.2 Role of the CEO

The CEO, holds the primary executive responsibility for the Group's business performance and manages the Group in accordance with the strategies and policies approved by the Board. He also leads the senior management of the subsidiary companies in making and implementing the day-to-day decisions on the business operations, managing resources and risks in pursuing the corporate objectives of the Group. He brings material and other relevant matters to the Board, motivates employees, and drives change/innovation and growth within the Group.

#### 3.2.4 Role of the Non-Executive Directors

Non-executive directors are not involved in the day-to-day management of the Group but they will contribute their particular expertise and experience in developing the business strategy. Their various roles in the Board Committees also contribute towards the enhancement of corporate governance and controls within the Group.

#### 3.3 Appointments and Re-elections

The Nomination Committee (and the Remuneration Committee, where relevant) shall assist the Board in identifying and recommending suitable potential candidates with the relevant experience required (including gender considerations) for appointment as a director and for approval by the Board thereafter. Any new director so appointed shall be subject to re-election at the next annual general meeting (“AGM”) to be held immediately following the appointment.

At each AGM of the Company, one third (1/3) of the Board shall retire and be eligible for re-election and that all directors shall submit themselves for re-election once every three (3) years.

A director over 70 years of age is required to submit himself/herself for re-appointment annually in accordance with Section 129 of the Companies Act, 1965.

Further, all Board members are required to notify the Chairman of the Board before accepting new directorships outside the Group and indicating the time that will be spent on the new directorship. Similarly, the Chairman of the Board shall also do likewise before taking up any additional appointment of directorships.

The evaluation of the Board and each individual director, including the Chairman, will be performed annually.

#### 3.4 Directors’ Training

All newly appointed directors will be briefed on the structure and the business activities of the Group and are required to attend the Mandatory Accreditation Programme as required under the Listing Requirements of Bursa.

All directors are encouraged to attend a continuous education or suitable training programme each year to ensure that each director receives regular briefings and updates on changes in risks, laws and regulations, economic scenario and the industry climate affecting the business, and to continuously upgrade their knowledge and understanding of their roles and responsibilities as directors.

#### **4. DUTIES AND RESPONSIBILITIES**

The duties and responsibilities of the Board include, inter-alia, the following:-

- (1) Review, evaluate, adopt and approve the strategic plans and policies for the Company and the Group;
- (2) Oversee and monitor the conduct of the businesses and financial performance and major capital commitments of the Company and the Group;
- (3) Review and adopt budgets and financial results of the Company and the Group, monitor compliance with applicable accounting standards and the integrity and adequacy of financial information disclosure;
- (4) Review and approve any major corporate proposals, new business ventures or joint ventures of the Group;
- (5) Review, evaluate and approve any material acquisitions and disposals of undertakings and assets in the Group;
- (6) Identify principal risks and assess the appropriate risk management systems to be implemented to manage these risks;
- (7) Establish and oversee a succession planning programme for the Company and the Group including the remuneration and compensation policy thereof;
- (8) Establish, review and implement corporate communication policies with the shareholders and investors, other key stakeholders and the public;
- (9) Review and determine the adequacy and integrity of the internal controls systems and management information of the Company and the Group;
- (10) Develop a corporate code of conduct to address, amongst others, any conflicts of interest relating to directors, major shareholders and/or management.

#### **5. BOARD COMMITTEES**

The Board may from time to time establish appropriate Committees to assist it in the discharge of its responsibilities.

The Committees that have been established by the Board are as follows:-

- a) Audit Committee
- b) Nomination Committee
- c) Remuneration Committee
- d) Risk Management Committee
- e) Employees' Share Option Committee

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Each Committee has its own specific terms of reference as approved by the Board. The powers and authority delegated to these Committees are also set out in the terms of reference of each of the Committees. The terms of reference of the Committees will be reviewed *periodically* and amended accordingly after approval by the Board.

The Board may also establish and delegate specific functions to ad hoc committees as and when required.

The evaluation of the committees and its members, including the Chairman thereof, will be performed annually.

## **6. BOARD MEETINGS**

Meetings of the Board will be held as frequently as the Board considers appropriate in order to discharge its duties as set out in this Board Charter but it will normally meet not less than four (4) times a year. Any Board member may call further meetings, if required.

Reasonable notice of meetings and the business to be considered shall be given to members of the Board. The proceedings of the Board will be governed by the Company's Articles of Association. The Chairman, at his discretion, may invite the senior management or other senior executives or professional advisers to attend and to be heard at the Board meetings.

Board members must attend all scheduled meetings of the Board, including meetings called on an ad-hoc basis for special matters unless prior apology, with reasons, has been submitted to the Chairman or Company Secretary. If the Chairman of the Board is absent from a meeting, the directors present must elect one of the directors present to act as chairman.

A detailed agenda, together with the supporting documentation, must be circulated, in advance of each meeting to the members of the Board and other invitees. Board members must be fully prepared for Board meetings to be able to provide appropriate and constructive input on matters for discussion and decisions.

The Company Secretary is the secretary to the Board and shall take minutes of the meetings. The minutes must be completed as soon as possible after the meeting and circulated to the Chairman and members of the Board for review thereof. The minutes must be formally approved by the Board at its next scheduled meeting.

## **7. ACCESS TO INFORMATION AND INDEPENDENT ADVICE**

The Board shall have unrestricted access to all Company information, documents, records and property.

The Board will ensure that every Board member has access to independent professional advice, both inside and outside the Company, as and when they consider necessary, in order for them to properly perform their duties.

Individual Board members who wish to seek external independent professional advice shall obtain prior approval of the Chairman and such professional advice shall be made available to all Board members as appropriate, thereafter.

## **8. DIRECTORS' CODE OF ETHICS**

The Board is required to observe the Directors' Code of Ethics as follows:-

- (a) A director must act honestly, in good faith and in the best interest of the Company as a whole.
- (b) A director has to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office.
- (c) A director must use the powers of office for a proper purpose, in the best interests of the Company as a whole.
- (d) A director must recognise that the primary responsibility is to the Company's shareholders as a whole but should, where appropriate, have regard for the interests of all stakeholders of the Company.
- (e) A director must not make improper use of information acquired as a director.
- (f) A director must not take improper advantage of the position of director.
- (g) A director must not allow personal interests, or the interest of any associated person, to conflict with the interests of the Company.
- (h) A director has an obligation to be independent in judgment and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board of Directors.
- (i) Confidential information received by a director in the course of the exercise of their duties as a director of the Company remains the property of the Company and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the Company, or the person from whom the information is provided, or is required by law.

## **9. REVIEW OF THE BOARD CHARTER**

This Charter was revised by the Board on 13 June 2016.

The Board will review the Charter annually to ensure that it remains consistent with the Board's roles and objectives.

A copy of the Charter is available on the Company's website.