

BERMAZ AUTO BERHAD
Registration No. 201001016854 (900557-M)
(Incorporated in Malaysia)

BOARD CHARTER

1. INTRODUCTION

The Board of Directors (“Board”) of Bermaz Auto Berhad (“BAuto” or the “Company”) 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 and/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 this Board Charter is to set out the roles, duties and responsibilities as well as the composition and processes to enable all Board members to be aware of their fiduciary duties and responsibilities at all times.

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

This Board Charter is subject to the relevant provisions of the Companies Act 2016, the Company’s Constitution, the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), the recommended principles and practices of the Malaysian Code on Corporate Governance 2021 (“MCCG”) and any other applicable laws or regulatory requirements.

3. THE BOARD

3.1 Membership

The Board shall comprise a composition of Executive and Non-Executive Directors who are experienced and competent and have the time to effectively discharge their respective roles as Directors and Board Committee members of the Company.

The Board may determine the number of Directors on the Board at any time, subject to the Company’s Constitution that the number of Directors of the Company shall not be less than two (2) and not more than eighteen (18).

The size, composition and diversity of the Board and/or Board Committees shall be reviewed and determined from time to time to reflect the Company’s requirements and to facilitate effective decision making as well as to comply with the latest requirements of the relevant authorities.

In compliance with the MMLR of Bursa Securities, the Board shall comprise at least one (1) woman Director. In addition, at least two (2) Directors or one third (1/3) of the Board members, whichever is higher, shall be Independent Non-Executive Directors who provide independent judgement and objectivity. The Board shall comply with the MMLR of Bursa Securities as may be amended from time to time in respect of the composition of the Board.

The tenure of an Independent Non-Executive Director (“Independent Director”) shall not exceed a cumulative term limit of nine (9) years from the date of appointment as an Independent Director. Thereafter, the Independent Director shall be redesignated as a Non-Independent Non-Executive Director should the person continues to serve on the Board.

No person shall be appointed, elected or re-elected as a Director on the Board or continue to serve as a Director if the person is or becomes an active politician. A person is considered an “active politician” if he is a Member of Parliament, State Assemblyman or holds position as the Supreme Council or division level in a political party.

3.2 Executive Chairman, Group Chief Executive Officer (“Group CEO”) and other Directors

The positions of Executive Chairman and Group CEO are distinct and separated to ensure that there is a balance of power and authority. The Executive Chairman is responsible for providing leadership to the Board and ensuring the smooth and effective functioning of the Board. The Executive Chairman also lead the Board in establishing and monitoring good corporate governance practice of the Group. The Group CEO is responsible for overseeing the day-to-day management of the Group’s businesses and implementing Board’s policies and decisions. The Executive Chairman and the Group CEO jointly oversees the divisional function of the Group.

The Chairman of the Company is currently an executive position and the Board is satisfied with the executive capacity in view of his vast experience and knowledge in the automotive industry. With his extensive industrial knowledge and his unwavering dedication and commitment, the Board is confident that the Executive Chairman will provide good leadership, smooth and effective functioning of the Board and is able to steer the Group to even a greater height.

The Group CEO leads the senior management of the Company 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.

In addition, the presence of the Independent Directors, are to support the Board in discharging its oversight function and to provide the necessary checks and balances on the decision-making process of the Board. The significant contributions of the Independent Directors in the decision-making process are evidenced in their active participation as members of the various Board Committees.

3.2.1 Role of the Executive Chairman

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

The responsibilities of the Executive Chairman, among others, the followings:

- (i) providing leadership for the Board so that the Board can perform its responsibilities effectively;
- (ii) setting the board agenda and ensuring the Board members receive complete and accurate information in a timely manner;
- (iii) leading board meetings and discussions to ensure that procedural rules are followed in the conduct of meetings and that decisions made are formally recorded and adopted;
- (iv) encouraging active participation by the Board and allowing dissenting views to be freely expressed;
- (v) managing the interface between Board and senior management;
- (vi) ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole;
- (vii) leading the Board in establishing and monitoring good corporate governance practice in the Company;
- (viii) overseeing some of the Group's operations, namely sales and marketing, information technology, government & regulatory affairs and planning & distribution;
- (ix) maintaining regular discussions with the Group CEO over other operational matters such as finance, human resource, risk management & investor relations, legal, investment & special projects and government & general affairs; and
- (x) performing other responsibilities as may be determined by the Board from time to time.

3.2.2 Role of the Group CEO

The Group CEO (or the Managing Director as the case may be), 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.

The responsibilities of the Group CEO shall include, among others, the followings:

- (i) to lead senior management in making and implementing the day-to-day decisions on the Group's business operations and to manage the resources and risks in pursuing the corporate objectives of the Group;
- (ii) to develop and implement corporate strategies for the Group;
- (iii) to ensure the efficiency and effectiveness of the Group's operations;
- (iv) to assess business opportunities which have potential benefits to the Group;
- (v) overseeing operational matters such as finance, human resource, risk management & investor relations, legal, investment & special projects and government & general affairs; and
- (vi) to bring material and other relevant matters to the attention of the Board in an accurate and timely manner; and
- (vii) to carry out other duties and responsibilities as may be delegated by the Board and/or the Executive Chairman.

3.2.3 Role of the Other Directors

- (i) Non-Independent Non-Executive Directors ("NINED") and Independent Directors

NINED and Independent Directors are not involved in the daily operations of the Group.

Besides exercising their fiduciary duties and responsibilities as a director of the Company, the role of NINED also includes, among others, monitoring the overall performance and strategy development of the Group.

The Independent Directors are independent of management and free from any significant business or other relationship with the Group. Hence, they are able to provide an unfettered and unbiased independent judgement and to promote good corporate governance in their role as Independent Directors.

The NINED and Independent Directors' various roles and active participation in the Board Committees have also contributed towards the enhancement of corporate governance and controls within the Group.

For Independent Directors, the Board will assess annually their independence in accordance with the definition of "independent director" under Paragraph 1.01 of the MMLR of Bursa Securities.

(ii) Senior Independent Non-Executive Director

The Board has appointed a Senior Independent Non-Executive Director to whom concerns relating to the Group can be conveyed. The duties of the Senior Independent Non-Executive Director include, among others, the followings:

- (i) acting as a sounding Board for the Executive Chairman;
- (ii) as intermediary to other Directors, when necessary; and
- (iii) serve as designated point of contact for shareholders and other stakeholders.

3.3 Appointments and Re-elections of Directors and key senior management

The Nomination Committee shall assist the Board in identifying and recommending suitable potential candidates and/or existing Directors with the relevant experience, skills, expertise and diversity (including gender, ethnicity and age) for appointment and/or re-election as Directors. The Nomination Committee will thereafter make appropriate recommendations to the Board for approval.

The Remuneration Committee shall assist the Board in evaluating and proposing competitive remuneration packages to the potential candidates to be appointed and/or re-elected as Directors and/or for the appointment of key senior management in order to attract, motivate, retain and reward the said Directors and/or key senior management, as the case may be.

In accordance with the Company's Constitution, one third (1/3) of the Directors shall retire from office at least once in every three (3) years at the next annual general meeting ("AGM") of the Company and the retiring Directors can offer themselves for re-election. The Constitution also provides that a Director who is appointed during the year shall be subject to re-election at the next AGM to be held following his appointment.

3.4 Fit and Proper Policy

The fit and proper assessment is required to be performed on any person identified to be appointed and/or re-elected as a Director or for the appointment of key senior management shall be conducted by the Nomination Committee prior to such appointment and/or re-election, as the case may be and thereafter be tabled to the Board for its deliberation and approval.

The fit and proper assessment on any person identified to be appointed as a Director or to continue holding the position as a Director within the Group shall be conducted prior to the initial appointment or proposed re-election/re-appointment as a Director.

3.5 Time Commitment for Accepting New Directorship

Directors shall devote sufficient time to carry out their responsibilities in the Group. All Directors are expected to commit time as and when required to discharge their fiduciary

duties and responsibilities, besides attending meetings of the Board, Board Committees and/or shareholders.

All Board members are required to inform the Executive Chairman of their appointment(s) of new directorship(s) outside the Group and indicating the time that will be spent on the new directorship(s). Similarly, the Executive Chairman of the Board shall also do likewise before taking up any additional appointment of directorships outside the Group.

As provided by the MMLR of Bursa Securities, a director of a listed issuer shall not hold more than five (5) directorships in public listed companies.

3.6 Directors' Induction and 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 MMLR of Bursa Securities within four (4) months from the date of appointment.

All Directors are encouraged to attend continuous education or suitable training programmes annually to ensure that they receive regular briefings and/or updates as well as to keep abreast of the latest changes in risks, laws and regulations, economic scenario and the industry climate affecting the Group's business operations. They are also expected to continuously upgrade their knowledge and understanding of their fiduciary roles and responsibilities as Directors of the Company.

The Company is required to disclose in its Annual Report all the trainings attended by the Directors during the financial year. For Directors who did not attend any such training, they are required to provide justifications and/or reasons for it.

4. DUTIES AND RESPONSIBILITIES

The Board is the ultimate decision-making body of the Company with the exception of matters requiring shareholders' approval. Set out below are the key duties and responsibilities of the Board and Board Committees in discharging their fiduciary duties in the best interest of the Group:

- (1) Oversee and monitor the conduct of the businesses and financial performance and major capital commitments of the Group;
- (2) Review and adopt budgets and financial results of the Company and the Group, monitor compliances with the relevant accounting standards, statutory requirements and other regulatory bodies and the integrity and adequacy of financial and non-financial information disclosure of the Group;
- (3) Review, query, deliberate and/or approve any major corporate proposal by management such as acquisition or disposal of assets, capital raising exercise and business venture by the Group;

- (4) Supervise and assess management performance to determine whether Group businesses are properly managed;
- (5) Identify principal risks and ensure appropriate measures are taken or being implemented as follows:
 - (i) Evaluate and assess the principal risks and impact to the Group bearing in mind that business decisions involve the taking of appropriate risks; and
 - (ii) Set the risk appetite within which the Board expects management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
- (6) Establish and oversee a succession planning programme for the Group to ensure that there are measures in place to provide for the orderly succession of the Board and the management including having a competitive remuneration package based on the Group's remuneration policy;
- (7) Establish, review and implement corporate communication policies and procedures with the stakeholders such as shareholders, financiers, fund managers, consumers, suppliers and employees to facilitate effective communications;
- (8) Review and assess the adequacy and integrity of the internal controls systems and management information of the Group through discussions and reports from management, internal and external auditors;
- (9) Develop and introduce a handbook on code of conduct and business ethics to uphold the highest legal and ethical conducts to be observed by everyone namely, the Board, the employees, suppliers and any other parties dealing with the Group; and
- (10) Promote and instill good corporate governance and sustainability culture as well as to reinforce ethical, prudent and professional behavior among the Board members, employees and business associates of the Group.

5. MATTERS RESERVED FOR THE BOARD

The following are matters specifically reserved for the Board's deliberation and decision-making:

- (1) Review, evaluate, adopt and approve the policies and strategic plans for the Group to ensure that the strategic plan of the Group supports long term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- (2) Review, evaluate and approve any material corporate proposals of the Group such as acquisitions and/or disposals of undertakings and assets, business ventures and fund raising exercises;

- (3) Approval of annual budgets, including major capital commitments and capital expenditure budgets;
- (4) Appointment, re-appointment and/or redesignation of members of Board and Board Committee, key senior management (namely Group CEO, Chief Financial Officer, Chief Operating Officer), Company Secretary(ies), internal and external auditors; and
- (5) Any other matters which are required to be approved by the Board in accordance with the Company's Constitution and/or pursuant to any applicable laws, rules or regulations.

6. DELEGATION TO MANAGEMENT

The Board delegates to the Group CEO the responsibilities to oversee and manage the day-to-day operations of the Group. To assist in discharging these responsibilities, the Group CEO may delegate such functions to the senior management staff whom he thinks fit and appropriate.

Any matters or transactions beyond the delegation of authority of the Group CEO and the senior management must be referred to the Board for approval.

7. BOARD COMMITTEES

The Board may from time to time establish appropriate Board Committees to assist in carrying out its duties and responsibilities.

The Board 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) Sustainability Committee
- f) Employees' Share Scheme Committee

The role, scope and authority of each Board Committee are specifically set out in the Terms of Reference of the respective Board Committees and are approved by the Board.

The Terms of Reference of the Board Committees are reviewed periodically and any amendment, revision and/or update are tabled to the Board for deliberation and approval. Members of the Board Committees shall be present at the Company's annual general meetings to respond to any questions that may be posed to them.

In the course of carrying out its duties and responsibilities, the Board may, if required, also establish ad-hoc committees and delegate specific functions to them.

The Nomination Committee will evaluate the Board Committees and its members on an annual basis to determine if they are discharging their duties and responsibilities in accordance with the respective Terms of Reference.

The existence of the Board Committees does not diminish the Board's ultimate responsibility over their functions and duties and the final decision-making still lies with the Board.

8. BOARD MEETINGS

The Board shall meet at least 4 times in a financial year and has a formal schedule of matters reserved for the Board to decide. Additional Board meetings are held as and when the Board deems necessary or appropriate in the course of discharging its fiduciary duties and responsibilities as provided in this Board Charter. Any Board member may request for a Board meeting.

Unless otherwise determined by the Board, notice of Board meeting shall be given to all Board members not less than five (5) business days prior to the date of the said meeting.

For Board meetings to be held on an ad-hoc or urgent basis to consider special matters/proposals, a shorter notice period to all Board members shall be deemed sufficient.

The Constitution of the Company governs all the Board proceedings and the Executive Chairman or the Group CEO may invite the management and/or professional advisers to attend the Board meetings, if required.

Board members are required to attend all the Board meetings (regardless of scheduled or on ad-hoc basis). Should the Board member be unable to attend the said Board meeting, he/she shall duly inform the Executive Chairman and the Company Secretary. If the Executive Chairman is unable to attend the Board meeting, the rest of the Board members present shall elect among themselves a chairman to preside over the said meeting.

Unless a shorter period is agreed by the Board, the agenda for the Board meeting (including the attachments, if any) shall be circulated to all Board members at least five (5) business days prior to the date of the Board meeting to allow them to have sufficient time to review and seek clarification(s) on the agenda paper circulated. Board members are expected to be fully prepared and are able to provide appropriate and constructive input on the relevant agenda presented for deliberations, discussion and decisions at the Board meeting.

9. ROLES AND RESPONSIBILITIES OF COMPANY SECRETARY

The Company Secretary is the secretary to the Board and plays an important role in providing good governance and assisting the Board and the Board Committees to function effectively in accordance with their respective Terms of Reference and to be in compliance with the relevant laws, rules and regulations as well as best practices. As such, the Company Secretary is required to be suitably qualified, competent and capable of carrying out the duties and responsibilities required of the post.

The roles and responsibilities of the Company Secretary include, among others, the followings:

- attend, record minutes of the Board and Board Committees' meetings and facilitate Board and Board Committees communications. The minutes of the meetings should be circulated to the Chairman and members of the Board and Board Committees for review and comments and to be formally approved by the Board at the next Board meeting;
- advise the Board on corporate disclosures and compliances with the laws, rules and regulations of the Companies' Act 2016, Securities Commission, Bursa Securities and any other relevant authorities;
- advise the Board on its obligatory requirements to disclose material and/or price sensitive information to the Company's shareholders and the public on a timely manner in accordance to the MMLR of Bursa Securities;
- ensure adherence to the respective policies and procedures of the Board and Board Committee by the members;
- facilitate the orientation of new Directors and assist in the annual training and development for Directors;
- manage processes pertaining to the AGM and other general meetings;
- maintain statutory records in accordance with legal requirements;
- monitor corporate governance developments and assist the Board in applying governance practices to meet the requirements of the MCCG and the stakeholders' expectations;
- notify the Board of any possible violations of regulatory requirements;
- provide updates and assist the Board in interpreting the rules and regulatory requirements of the Company Act 2016, the Securities Commission, Bursa Securities and any other relevant authorities; and
- serve as a focal point for stakeholders' communication and engagement on corporate governance issues.

The appointment, resignation and removal of the Company Secretary shall be approved by the Board.

10. ACCESS TO INFORMATION AND INDEPENDENT ADVICE

The Board shall have unrestricted access to management and the financials and non-financial records (including any assets) of the Group.

The Board will ensure that the Board members shall have direct access to the advice and services of the Company Secretary as and when needed to facilitate them in discharging their duties.

Board members who wish to seek independent professional advice shall inform and seek prior approval of the Executive Chairman and/or Group CEO, which approval shall not be unreasonably withheld or delayed. All such costs will be at the Company's expense.

11. CODE OF ETHICS

As provided under Section 213 of the Companies Act 2016, the Directors shall at all times act in good faith and in the best interest of the company.

Pursuant thereto, the Company has come out with a Code of Ethics to be observed by the Board members in good faith and in the best interest of the Group as follows:

- (a) Shall act honestly in all their dealings with the Group;
- (b) Shall exercise due care and diligence in discharging their duties as Board members;
- (c) Shall not misuse the powers vested to them as Board members;
- (d) Shall recognize their primary responsibility is to the shareholders of the Company;
- (e) Shall not misuse any information acquired from the Group;
- (f) Shall not misuse their positions as Directors of the Company;
- (g) Shall not allow any personal interest (direct and/or indirect) to affect their decision making and in discharging their duties to the Group;
- (h) Shall declare their direct and/or indirect interest in any dealing with the Group;
- (i) Shall abstain and continue to abstain from all Board deliberation in relation to any dealing with the Group in which they have an interest, directly and/or indirectly;
- (j) Shall exercise their judgement and/or actions with due care and after careful deliberation;
- (k) Shall take reasonable steps to ensure the decisions taken by the Board are sound, in accordance with best practices and in compliance with the relevant laws, rules and regulations; and
- (l) Shall handle with care all confidential information of the Group and not to disclose such information to any other party unless duly authorized by the Board and/or the Company or is required by the law or relevant authorities.

Further, the Group is committed to the highest standards of professional and personal conduct in all its business activities. The Group has in place the Code of Conduct and

Business Ethics which clearly articulates the policies and procedures in managing conflicts of interest, preventing the abuse of power, corruption, insider trading, money laundering and unethical conduct or violation of laws, rules and regulations.

The Code of Conduct and Business Ethics is communicated to the Executive Directors and employees upon their appointment/employment and is also made available on the Company's website.

12. DECLARATION OF INTERESTS

Subject to the requirements of any acts, rules or regulations that are in force from time to time and in addition to such mandatory requirements, members of the Board are required to notify the Company Secretary of any changes in the following:

- Their shareholdings or interests, directly or indirectly, in the Group (where applicable); and
- Directorships or interests in any other corporations.

Board members are required to disclose/declare their direct and/or indirect interest (financial or otherwise) in any matters being considered by or likely to be considered by the Board and/or the Group in accordance with the requirements of the existing law, rules and regulations of the relevant authorities.

13. BOARD AND BOARD COMMITTEES' ASSESSMENT

The Nomination Committee is entrusted by the Board to review the performance and effectiveness of the Board and Board Committees, including individual Directors, annually. Their responses are collated and a summary of the findings and recommendations is submitted to the Nomination Committee for deliberation and thereafter tabled to the Board for review and approval.

14. STAKEHOLDERS COMMUNICATION

The Company recognizes the importance of dialogue with stakeholders as it enables the Company to understand stakeholders' concern and to take them into consideration when making decisions. Stakeholders to be duly informed of the Group's latest developments and its financial results. Communications with stakeholders may be achieved, inter-alia, through the following channels:

- (i) Quarterly announcements on the Group and the Company's financial results;
- (ii) Relevant announcements and on any major corporate exercise/development which may have any impact on the Group as required by Bursa Securities;
- (iii) Annual reports and circular to shareholders (if any);
- (iv) General meetings with shareholders;
- (v) Meetings with analysts and fund managers, where appropriate; and

- (vi) Use of information technology such as corporate website, social media, live chats and emails.

15. ADOPTION AND REVIEW OF BOARD CHARTER

The Board Charter was last revised and approved by the Board on 9 August 2019.

This Board Charter was revised and approved by the Board on 12 September 2022 and shall supersede any preceding Board Charter(s) of the Company.

The Board shall review the Board Charter periodically to ensure that it remains consistent with the Board members' roles and objectives and reflects the latest updates or requirements of the law, rules and regulations and best practices, where relevant/applicable.

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