

**BERMAZ 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, 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 relevant provisions of the Companies Act 2016, the Company’s Articles of Association, the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), the recommended principles and practices of the Malaysian Code on Corporate Governance (“MCCG”), as considered appropriate, and any other applicable laws 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.

The Board may determine the number of directors on the Board at any time, subject to the Company’s Articles of Association that 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.

In compliance with the Listing Requirements of Bursa Securities, at least two (2) or majority of the Board members, whichever is higher, shall be independent non-executive directors who provide independent judgement and objectivity.

The tenure of Independent Directors shall not exceed a cumulative term of twelve (12) years. However, the retention of Independent Directors after serving a cumulative term of nine (9) years shall be subject to shareholders' approval in line with the recommendation of the MCCG.

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

The Chairman shall be an independent non-executive director and the roles of the Chairman and CEO shall be distinct and separated, with clear division of roles and responsibilities, 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.

The Chairman of the Board may be a member of the Audit Committee but shall not act as Chairman of the Audit Committee.

#### 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.

The responsibilities of the Chairman, amongst others, are as follows:-

- (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 and allowing dissenting views to be freely expressed;
- (v) managing the interface between Board and 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; and
- (vii) leading the Board in establishing and monitoring good corporate governance practice in the Company.
- (viii) performing other responsibilities, as assigned by the Board from time to time.

### 3.2.2 Role of the CEO

The 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 CEO, amongst others, are as follows:-

- (i) focuses on the business and 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;
- (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 the business opportunities which have potential benefit to the Group;
- (v) to bring material and other relevant matters to the attention of the Board in an accurate and timely manner; and
- (vi) to carry out other duties and responsibilities as may be delegated by the Board.

### 3.2.3 Role of the Executive Directors

The Executive Directors are involved in leadership roles overseeing the day-to-day operations and management within their specific areas of expertise or assigned responsibilities. They are also responsible for implementing strategic plans and policies set by the Board and to assist CEO in discharging his duties. They represent the Company at the highest level and are decision makers on matters within their scope. They liaise frequently with the CEO (or the Managing Director as the case may be) and with each other to lead the management to drive the Company and the Group forward.

### 3.2.4 Role of the Independent Directors

The Independent Directors are not executive directors of the Company and the Group. They are independent of management and free from any significant business or other relationship with the Company or 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

Their various roles in the Board Committees also contribute towards the enhancement of corporate governance and controls within the Group.

The Board has adopted a definition of independence setting out the interests and relationships to be considered by the Board in assessing the independence of each director in accordance with Paragraph 1.01 of the Listing Requirements of Bursa Securities.

### 3.2.5 Role of Senior Independent Director

The Board has appointed a senior independent director to whom concerns relating to the Company and the Group can be conveyed. The duties of the Senior Independent Director would include the following:-

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

### 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, skills, expertise and diversity (including gender, ethnicity and age) 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 members shall retire and be eligible for re-election and that all directors shall submit themselves for re-election once every three (3) years.

### 3.4 Time Commitment for Accepting New Directorship

Directors shall devote sufficient time to carry out their responsibilities. All Directors are expected to commit time as and when required to discharge their duties and responsibilities, besides attending meetings of the Board and Board Committees.

Further, all Board members are required to notify the Chairman of the Board before accepting any 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.

A Director of the Company or Group shall not hold more than five (5) directorships in listed issuers, as stipulated by the Listing Requirements of Bursa Securities.

### 3.5 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 Listing Requirements of Bursa Securities within four (4) months from the date of appointment.

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.

All training attended by Directors must be disclosed in the Company's Annual Report. In exceptional circumstances where any director has not attended any training during the financial year, valid justifications for the non-attendance of such director must be disclosed.

## 4. DUTIES AND RESPONSIBILITIES

The Board is the ultimate decision making body of the Company with the exception of matters requiring shareholders' approval. The Board has, inter-alia, the following key duties and responsibilities, so as to facilitate the discharge of the Board's stewardship in the pursuit of the best interest of the Company and the Group:-

- (1) Oversee and monitor the conduct of the businesses and financial performance and major capital commitments of the Company and the Group;
- (2) 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 and non-financial information disclosure of the Company and the Group;
- (3) Review, challenge, decide on management's proposals for the Group, monitor its implementation by management and approve any major corporate proposals, new business ventures or joint ventures of the Group;
- (4) Supervise and assess management performance to determine whether the business is properly managed;
- (5) Identify principal risks and ensuring the implementation of appropriate internal controls and mitigation measures, that is:-
  - (i) Understand and assess the principal risks of the Company and the Group's business and recognise 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) Identify principal risks, understand and assess the principal risks of the Company's business and recognize that business decisions involve the taking of appropriate risk and implement an appropriate risk management framework to manage these risks;
- (7) Set the risk appetite 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 risk;
- (8) Establish and oversee a succession planning programme for the Company and the Group to ensure that senior management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of board and senior management including the remuneration and compensation policy thereof;
- (9) Establish, review and implement corporate communication policies and procedures with the shareholders and investors, other key stakeholders and the public to enable effective communication;
- (10) Review and determine the adequacy and integrity of the internal controls systems and management information of the Company and the Group;
- (11) Develop a corporate code of conduct to address, amongst others, any conflicts of interest relating to directors, major shareholders and/or management; and
- (12) Promote good corporate governance culture together with senior management within the Company which reinforces ethical, prudent and professional behaviour.

## **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 Company and the Group to ensure that the strategic plan of the Company and 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 acquisitions and disposals of undertakings and assets in the Group;
- (3) Approval of annual budgets, including major capital commitments and capital expenditure budgets;
- (4) Approval of new major ventures;
- (5) Appointment of all other Board members, Board Committee members, Chief Executive Officers, Managing Director and the Company Secretary; and
- (6) Any other matters which are required to be approved by the Board pursuant to the applicable rules, laws and regulations.

## **6. DELEGATION TO MANAGEMENT**

The Board delegates its day to day powers and duties to the CEO. In discharging the responsibilities, the CEO may delegate appropriate functions to the **Executive Directors** or any member of senior management, who shall report to CEO.

Any matters or transactions beyond the delegation of authority of the 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 Committees to assist in carrying out its duties and 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) ESOS Committee

Each Committee's role has been spelt out in 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 Chairmen of all Committees shall be available at the Company's AGM and all other general meetings to respond to relevant questions or queries.

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.

The existence of the Committees does not diminish the Board's ultimate responsibility over the functions and duties of these Committees.

## **8. 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 Charter but it will normally meet not less than five (5) times a year. Any Board member may call further meetings, if required.

Unless otherwise determined by the Directors, three (3) business days' notice of all Board meetings shall be given to all Directors, except meetings called on an ad-hoc basis for special matters, where reasonable notice of the meeting shall be sufficient.

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, shall be circulated at least five (5) business days or such earlier period as agreed by the Board prior to each meeting, in advance of each meeting to the members of the Board and other invitees. Board members must be fully prepared for Board meetings and be able to provide appropriate and constructive input on the relevant agenda presented for deliberations, discussion and decisions at the Board meetings.

## **9. ROLES AND RESPONSIBILITIES OF COMPANY SECRETARY**

The Company Secretary is the secretary to the Board and through the Chairman plays an important role in good governance by helping the Board and its Committees function effectively and in accordance with their terms of reference and best practices. The Company Secretary shall be suitably qualified, competent and capable of carrying out the duties required of the post.

The roles and responsibilities of the Company Secretary, amongst other, are as follows:-

- attend, record minutes of all Board and the relevant committee meetings and facilitate Board communication. 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;
- advise the Board on corporate disclosures and compliance with company and securities regulations and Listing Requirements of Bursa Securities;
- advise the Board on its obligatory requirements to disclose material information to shareholders and financial markets in a timely manner;
- ensure adherence to the respective policies and procedures of the Board and Board Committee;
- facilitate the orientation of new directors and assist in directors' training and development;
- 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 Board's needs and stakeholders' expectations;



- notify the Chairman and the Board of any possible violations of regulatory requirements;
- provide updates and assist the Board with interpreting regulatory requirements related to Company and securities regulations as well as Listing Requirements of Bursa Securities; and
- serve as a focal point for stakeholders' communication and engagement on corporate governance issues.

The appointment 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 the management and** 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 which will not be unreasonably withheld or delayed, and which will be at the Company's expense and such professional advice shall be made available to all Board members as appropriate, thereafter.

## **11. CODE OF ETHICS AND CONDUCT**

As prescribed by 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.

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 as a director.

- (g) A director must not allow personal interests, or the interest of any associated person, to conflict with the interests of the Company. A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare the Director's interest in accordance with the Companies Act 2016. Interested Directors should abstain from discussion or decisions on matters in which they have a conflicting interest, unless resolved otherwise by the other members of the Board.
- (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 authorised by the Company or the Board, improper to disclose it, or allow it to be disclosed, unless that disclosure has been or the person from whom the information is provided, or is required by law.

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

- Shareholding in the Company and its related corporations, whether direct or indirect; and
- Directorships or interests in any other corporations.

In addition to the above, members of the Board who has a material interest, either directly or through a partner, spouse or close relative, in matters being considered by, or likely to be considered by the Board should declare that interest.

Such declarations should describe the interest clearly and state whether it carries direct or indirect financial benefits.

Relevant interests in this context are as follows:

- Executive and Non-Executive Directorships of, significant shareholdings in, or employment by, public or private companies likely or possibly seeking to do business with the Company.
- Ownership or part-ownership of, or employment by, businesses or consultancies likely or possibly seeking to do business with the Company.

### **13. BOARD AND MEMBER 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 their summary of findings and recommendations will be submitted to the Nomination Committee for deliberation, after which, the findings and recommendations shall be escalated to the Board for further review and action.

### **14. STAKEHOLDERS COMMUNICATION**

The Company recognizes the importance of dialogue with stakeholders as it enables the Company to understand stakeholders' concern and to take these concerns into account when making decisions. The stakeholders must be informed of all material business matters affecting the Company and the communications with stakeholders can be achieved through various channels as follows:-

- (i) quarterly announcement on financial results and relevant announcements;
- (ii) circular, annual report;
- (iii) general meetings with shareholders;
- (iv) organizing and meeting with investor, analyst, fund manager and briefing; where appropriate; and
- (v) use of information technology for effective dissemination of information (website social media and etc).

### **15. ADOPTION AND REVIEW OF CHARTER**

This Charter was revised by the Board on 12 March 2018.

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

A copy of the Charter together with any updates to the principles and practices set out in this Charter will be made available on the Company's website.