



**TERAJU BUMIPUTERA CORPORATION**  
**(Company No. 931717-W)**

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**BOARD CHARTER**

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This Board Charter was adopted by the Board on 12 March 2018

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## BOARD CHARTER

This **Board Charter** (“Charter”) is designed to provide Board of Trustee (the “Board”) with greater clarity regarding their role of the Board, the requirements of Board members in carrying out their role and discharging their duties to the Company.

In adhering to the responsibilities set out in this Charter, Board members are expected to perform their duties in a professional manner, upholding the core values of integrity, honesty and in accordance with the law with due regard to their fiduciary duties and responsibilities.

It should be noted that this Charter serves as a reference to the Board members in executing their responsibilities. The provision contained in this Charter neither replace nor supersede the laws of Malaysia or the applicable regulatory frameworks.

The Charter reads as follows: -

### 1. Introduction

The Board is responsible for the stewardship and oversight of the management of the Company’s business and affairs.

### 2. Responsibilities of the Board

The Board is responsible to lead and control the Company in an effective and responsible manner. Each Board member has a legal duty to act in the best interest of the Company and its stakeholders.

The Board is principally responsible for:

#### 2.1 Establishing and reviewing strategic direction of the Company

The Board’s main role is to review and approve strategic or business plans, financial objectives, major capital and operating budget and matters of policy proposed by the Senior Management Team.

The Board would monitor the management’s performance in implementing the adopted strategies and provide relevant direction and advice where necessary to ensure the achievement of the Company’s objectives.

### 2.2 Overseeing and evaluating the conduct and management of the Company

The Board must oversee and evaluate the performance of the management of the Company ensuring that the Company is properly managed.

### 2.3 Risk Management

The Board is responsible to ensure that principal risks are identified and adequate mitigating action plans are put in place.

### 2.4 Succession Planning

The Board is responsible to ensure candidates for the post CEO and other key senior management roles are of highest calibre. The Board shall have in place a succession planning strategy in replacing senior management, when necessary.

### 2.5 Integrity of Internal Control

The Board shall review the adequacy and integrity of the Company's internal control system on a regular basis and ensure that there is an effective and satisfactory framework for reporting internal financial controls and regulatory compliance.

## 3. **Matters Reserved by the Board**

The matters of strategic importance to the Group or the Company, which are discussed and deliberated at the Board level, include the following:

- 3.1 Business and operating strategies;
- 3.2 Material acquisition and disposals of assets;
- 3.3 New or changes to current business plans;
- 3.4 Authority levels for core functions of the Company, including banking arrangements that include the opening of bank accounts, limits of financial authority and appointment of cheque signatories;
- 3.5 The outsourcing of core business functions;

- 3.6 Risk management policies;
- 3.7 Key human resources matters including appointments of the management team, staff bonus and annual increment;
- 3.8 Annual Budget; and
- 3.9 Any other matter necessary or expedient for the due conduct of the affairs of the Company not herein otherwise provided for or beyond the authority level of the CEO's and/or senior management level of the Company.

#### 4. **Composition**

##### 4.1 Composition of the Board

- The Board shall comprise of qualified individuals with diverse experience, background and perspectives.
- The Company's Constitution provides that until otherwise determined in a general meeting, the number of Board members shall not be less than two (2) nor more than nine (9).
- The liability of the Board members are subject to its compliance on fiduciary duties as in the Companies Act 2016 or any statutory modification or amendments thereof from the time being.

#### 5. **Appointment of Board Members**

- 5.1 The number and appointment of Board members shall be approved by Minister in the Prime Minister's Department in charge of Economic Planning Unit charged with the responsibility for the Company, in accordance with the Company's Constitution and applicable laws.
- 5.2 The Company Secretary has the responsibility to ensure that the relevant procedures relating to the appointments of new Board members are properly executed.
- 5.3 Once appointed, the member will receive a Letter of Appointment together with relevant documents. An in-house orientation will also organised by the Management initiated by the Company Secretary upon his/her date of appointment.

## 6. Re-election, Retirement and Resignation of Board Members

- 6.1 Pursuant to the Company's Constitution, at the first annual general meeting, all Board members shall retire from office and at the general meeting in every subsequent year, one third of all Board members for the time being, or, if the number is not three or multiple of three, the number nearest to one-third, shall retire from office. There will be no retirement by rotation in subsequent annual general meeting if the number of Trustees at that time being in office is only two.
- 6.2 The Board members to retire in every year shall be those who have been longest in office since their appointment or last election but as between persons who became Board members on the same day, those to retire shall (unless they agree amongst themselves) be determined by lot.

## 7. Responsibilities of Board Members

To effectively discharge their duties, the Board Members are responsible to:

- 7.1 Be proactive in seeking more information within the Company and the industry, in an effort to have knowledge so as to participate and contribute effectively in the meetings.
- 7.2 Maintain confidentiality on Board deliberations and all confidential information received by a member unless the disclosure has been authorised by the Board or required by law.
- 7.3 Exercise independent judgement when making decisions and act strictly in the best interest of the Company.
- 7.4 Seek professional independent advice at the Company's expense, as and when required. The Board must ensure that the costs are reasonable.
- 7.5 Disclose in writing to the Board any actual or potential conflict of interest or duty that might reasonably be thought to exist as soon as the situation arises, and in addition take necessary and reasonable action to resolve or avoid any actual or potential conflict of interest or duty.

- 7.6 Continuously educate themselves to maintain the necessary depth and breadth of knowledge and skills.
- 7.7 Ensure that high standards of corporate governance are applied.

## 8. Appointment of the Chief Executive Officer (“CEO”)

- 8.1 The role of the CEO is vital to the performance of the Company. He is required to provide leadership, strategic vision, high-level business judgment and wisdom, in ensuring the success of the Company’s governance and management function.
- 8.2 The key role of the CEO, amongst others, shall include:-
  - Developing the Company’s strategic direction;
  - Ensuring that the Company's strategies and corporate policies are effectively implemented;
  - Ensuring that Board decisions are implemented and Board directions are responded to;
  - Providing directions in the implementation of short and long term business plans;
  - Providing strong leadership; i.e. effectively communicating the vision, management philosophy and business strategy to the employees;
  - Keeping the Board fully informed of all important aspects of the Company's operations and ensuring that sufficient information is distributed to Board members; and
  - Ensuring the day-to-day business affairs of the Company is effectively managed.

## 9. Ethics

- 9.1 Board members shall carry out their responsibilities objectively, honestly and in good faith, and act to the best interests of the Company.
- 9.2 Board members are expected to conduct themselves according to the highest standards of personal and professional integrity.

- 9.3 Board members also expected to set the standard for Company-wide ethical conduct and ensure ethical behaviour and compliance with laws and regulations.
- 9.4 Board members are expected to comply with the conflict of interest policy and must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company.
- 9.5 Board members are expected to act in accordance with applicable law and the Company's Constitution.

### 10. **Board Meetings**

- 10.1 The Board shall meet in accordance with a schedule established each year by the Board, and at such other times as the Board may determine.
- 10.2 At the discretion of the Board, members of management and others may attend Board meetings.
- 10.3 The appointment or removal of Company Secretaries of the Board shall be the prerogative of the Board.
- 10.4 A quorum shall for Board meeting shall be two (2) members or as the Board shall determine from time to time.

### 11. **Access**

The Board shall have unrestricted access to management and to information pertaining to the Company and/or Group including from the Company and/or Group's auditors and consultants.

### 12. **Independent Professional Advice**

- 12.1 The Board collectively and each Board members individually may take, at the Company's expense, such independent professional advice as is considered necessary to fulfil their relevant duties and responsibilities.

12.2 Individual Board members seeking such advice must obtain the approval of the Chairman (which may not be unreasonably withheld) and the advice shall be made available to all Board members as appropriate.

13. **Gift, Entertainment And Corporate Hospitality**

Board members may not solicit hospitality and may not give or receive repeated or lavish hospitality from representatives of any other organisation. If in doubt, advice should be sought from the Chairman.

The following set out the guidelines on acceptance of gifts:

- a) The conduct of Board members must not create suspicion of any conflict between their position as a member of the Board and any private interest;
- b) Board members acting as such must not give the impression that they have been influenced by a benefit to show favour or disfavour to any person or organisation having dealings with the Company;
- c) Board members must not accept any benefit as an inducement or reward for taking any action (or specifically not taking any action) in their official capacity as a Board Member; and
- d) Gifts other than of token value should generally be refused.

**Exceptions To The “No Gift” Policy**

Although generally TERAJU practices a “No Gift” Policy, there are certain exceptions to the general rule whereby the receiving and provision of gifts are permitted in the following situations:-

- a) Exchange of gifts at the company-to-company level (e.g. gifts exchanged between companies as part of an official company visit/courtesy call and thereafter said gift is treated as company property);
- b) Gifts from company to external institutions or individuals in relation to the company’s official functions, events and celebrations (e.g. commemorative gifts or door gifts offered to all guests attending the event);



- c) Gifts from TERAJU to employees and directors and/or their family members in relation to an internal or externally recognised Company function, event and celebration (e.g. in recognition of an employee's/director's service to the Company);
- d) Token gifts of nominal value normally bearing the TERAJU's or company's logo or (e.g. t-shirts, pens, diaries, calendars and other small promotional items) that are given out equally to members of the public, delegates, customers, partners and key stakeholders attending events such as conferences, exhibitions, training, trade shows etc. and deemed as part of the company's brand building or promotional activities; and
- e) Gifts to external parties who have no business dealings with TERAJU (e.g. monetary gifts or gifts in-kind to charitable organisations).

Even in the above exceptional circumstances, employees and directors are expected to exercise proper judgment in handling gift activities and behave in a manner consistent with the general principles set out as per below:

- Conscientiously maintain the highest degree of integrity,
  - Always exercise proper care and judgment,
  - Avoid conflicts of interest,
  - Refrain from taking advantage of your position or exercising your authority to further your own personal interest at the expense of TERAJU; and
- Comply with applicable laws, regulations and TERAJU policies and procedures.

#### 14. **Review of Board Charter**

The Board Charter shall be reviewed yearly. Any updates to the principles and practices set out in this Board Charter shall be made available on the corporate website.

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