

BERTAM ALLIANCE BERHAD

BOARD CHARTER

This Charter is developed to:

- provide a clear statement of the roles, responsibilities, processes and operations of the Board for the Board and management; and
- ensure the practices of the Board are consistent with the best practice of corporate governance.

1. Size, Composition and Nomination

The minimum size of the Board shall be three (3) and the maximum size stipulated in the Articles of Association of the Company is nine (9). The size must be large enough to ensure a range of knowledge, views and experience and should be a size that attains effectiveness. Nonetheless, at least one third of the members should be independent directors.

Candidates for directorship will be nominated for appointment to the Board on the basis of their identified skills, knowledge and experience to meet the needs of the Board. This information will be communicated to members by the Nomination Committee to assist them in their decision whether to confirm the appointment of the nominated director.

That Board is supportive of the gender diversity policy. To this end, the Board gives due consideration in balancing its gender composition in the board vis-à-vis with the Group business portfolio.

Each director should hold not more than five (5) directorship in public listed companies in Malaysia. Before accepting new appointment, directors shall notify the Chairman of the Board, the Chairman of Nomination Committee and the Company Secretary including an indication of time that will be spent on the new appointment

All new Directors appointed to the Board shall undertake a induction program coordinated by the Nomination Committee and Managing Director.

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2. Roles and Responsibilities of the Board

Broadly, all directors owe fiduciary duties to the Company and must exercise reasonable care, skill and diligence to ensure the proper management of the entity, including optimizing long-term financial returns. The Board is responsible for ensuring that the Company and its subsidiaries (“Group”) are managed to achieve this result. The Board will direct and supervise the management of the business and affairs of the Group in the best interest of the Group including:

- i. Reviewing and adopting a strategic plan for the Group;
- ii. Overseeing the conduct of the Group’s business;
- iii. Identifying principal risk and ensuring the implementation of appropriate internal controls and mitigation measures;
- iv. Management succession planning;
- v. Overseeing the development and implementation of shareholder communications policy for the Company; and
- vi. Reviewing the adequacy and the integrity of the management information and internal controls system of the Group.

The Board’s role includes, but not limited to the following matters. The Board may choose to delegate some of these responsibilities to one or more of its Board Committees. This delegation of responsibilities will be reflected in the terms of reference of the respective Board Committees.

2.1 Strategic Functions

Strategic planning: Approving the Group’s strategy, objectives, associated performance indicators and targets and approving any subsequent material variations.

Business planning: Approving and adopting the business plan including operating budgets, capital budgets, performance indicators and approving any subsequent variations.

Funding: Contributing to and approving a strategy for the Group funding, including funding targets, timelines and avenues and appropriately involving itself in liaison and communication with potential sources of funding.

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Change management: Overseeing the Group's capacity to identify and respond to changes in its economic and operating environments.

Major projects: Approving and monitoring major projects including corporate restructures/re-organizations, major capital expenditure, capital management, acquisitions and divestitures and any significant initiatives or opportunities that arise.

Stakeholder liaison: Appropriately involving itself in liaison and communication with key stakeholders.

Performance monitoring: Overseeing the conduct and performance of the Group to ensure they are being properly and appropriately managed. To discharge this duty the Board will give specific and regular attention to:

- monitor performance against the strategic and business plans;
- monitor performance against peers and competitor companies; and
- enquire and follow up areas of poor performance and their causes.

2.2 Governance and Board Matters

Delegations of authority: Reviewing, approving and where appropriate, revising the delegations of authority from the Board to the Managing Director and significant delegations from the Managing Director to management. These delegations must be clearly conveyed to empower the Managing Director and the management team to run the operation of the Group.

Committees: Overseeing the work of the Board Committees including determining the need for specific Committees, reviewing the need for those Committees on an ongoing basis, receiving reports from, reviewing the work of, and considering the recommendations made by the Committee.

Self assessment: Developing and implementing a formal process for the Board to assess its performance. This policy will include an external assessment when appropriate.

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Information needs: Dictating its information needs to management including the form, timing, content and style of Board papers and ensuring these are fully addressed on an ongoing basis.

Management succession planning: Ensuring that appropriate plans are in place for the succession of the senior management.

Other matters: Attending to corporate governance matters including the identification and nomination to the members of new Director to fill Board vacancies and to any other matters identified as reserved to the Board.

2.3 Risk Management, Compliance and Internal Controls

Risk management: Defining the Group's risk appetite, approving and overseeing the operation of the Group's corporate risk management framework, assessing its effectiveness, understanding and reviewing the major/significant risks facing the Group and monitoring their management.

Internal controls: Overseeing, reviewing and monitoring the operation, adequacy and effectiveness of the Group's reporting systems and the overall framework of internal controls established by the management including operational, accounting and financial reporting controls.

Operational compliance: Approving, reviewing and monitoring compliance with corporate policies.

Legal compliance: Overseeing, reviewing and monitoring the operation of the Group's procedures to ensure compliance with relevant legislations is actively promoted within the Group. Attention shall also be given to privacy and occupational health and safety programs.

Reputation: Being aware of and, where appropriate, reviewing and litigation, actions, transactions and issues, papers and reports to external/third parties which may attract public, government, regulatory or other interest.

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Encourage the reporting of unlawful or unethical behavior: Maintaining a firm stance in encouraging the reporting of unlawful or unethical behavior and ensuring that employees and management are assured of protection where violations are reported in good faith.

2.4 Financial

Financial oversight: Overseeing all aspects of the Group's financial position including giving specific attention to the quantum, nature and terms of Group's debt facilities and its ability to meet its debts and other obligations as they fall due.

Financial reporting: Approving the annual audited financial statements, the quarterly financial statements, and the theme and text of the Company's annual report.

Auditors: Selecting Company's external auditors for approval by the members, ratifying the appointment of the internal auditors and approving their respective scopes of works.

Related party transactions: Reviewing and monitoring all related party transaction to identify whether consideration should be given to seeking stakeholder approval and ensuring compliance with the market regulations.

2.5 Human Resource

Executive appointment and termination: Ratifying the appointment or any member of top executive Management and their dismissal.

Executive performance and development: Ensuring an appropriate process is in place to recruit, review the performance of, remunerate, train and develop executives and to provide for management succession.

Executive compensation : Reviewing and approving the compensation, equity and incentive schemes in place for the executives to ensure they are appropriate and competitive.

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Ethical behavior: Reviewing, approving and monitoring compliance with the Group's Code of Ethics, which provides guidance regarding ethical behavior, including approving all proposed revisions or waivers.

3. Position Description

3.1 The Chairperson

The Board is empowered by the Company to appoint a Chairperson. There must be clear division of roles between the Chairperson and the Managing Director. In the absence of the Chairperson, the Directors present must elect a Director present to chair the meeting.

The Role of the Chairperson

The role of the Chairperson is to ensure that the Board is functioning effectively and to undertake the following activities:

- Providing leadership to the Board;
- Monitor and manage the workings of the Board, especially the conduct of Board meetings;
- Ensure that all relevant issues for the effective running of the Group's business are on the agenda;
- Ensure that quality information to facilitate decision-making is delivered to Board members on timely basis;
- Encourage all Directors to play as active role in Board activities;
- Chair general meetings of shareholders; and
- Liaise with the Managing Director and the Company Secretary on the agenda for Board meetings.

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3.2 Managing Director

Managing Director is the chief executive director. The key responsibilities of the Managing Director are:

- develop strategic direction of the Company and Group;
- ensure Board decisions are implemented and Board directions are responded to;
- provide directions in the implementation of short and long-term business plans;
- provide strong leadership; i.e. effectively communicating a vision, management philosophy and business strategy to the employees;
- keep Board fully informed of all important aspects of the Group's operations and ensure sufficient information are distributed to Board members; and
- ensure day-to-day business affairs of the Group are effectively managed.

3.3 Independent Director

An independent director must fulfill the provision and definition of independent director of the Listing Requirements at all times and must declare their independence to the Board annually.

The tenure of an independent director should not exceed a cumulative term of nine years. Upon completion of the nine years, an independent director may continue to serve on the board subject to the director's re-designation as a non-independent director. In the event the Board wish to retain the independent status of a director who has served in the capacity for more than nine years, the Board must justify and seek shareholder's approval.

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The responsibilities of an independent director are:

- provide and enhance the necessary independence and objectivity to the Board;
- ensure effective check and balance on the Board;
- mitigate and possible conflict of interest in policy-making process and the management of the Group;
- constructively challenge and contribute to the development of business strategy and direction of the Group; and
- ensure that adequate systems and controls are in place to safeguard the interest of the group.

3.4 Senior Independent Director

The Senior Independent Director generally has the same legal responsibilities to the Company as any other director. However, as the Senior Independent Director, his role is expanded to include the following:

- In the absence of the Chairman, carry out the responsibilities to the Board as stated in the Job Description for the Chairman;
- Be available for discussion with any member of the Board;
- Be available to shareholders of the Company in case they have concerns which cannot, or should not, be addressed by the Chairman or Executive Directors;
- Resolve any dispute between the Chairman and the Managing Director;
- Lead the role in the planning of succession for the Chairman; and
- Promote high ethical and corporate governance standard
- An intermediary for other directors when necessary; and
- The point of contact for shareholders and other stakeholder

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4. Relationship between the Board and Management

Subject to the formal delegations of authority, the Board delegates responsibilities for the operation and management of the Group business to the Managing Director and the management team. Management is accountable to the Board and is to fulfill this responsibility through the provision of reports, briefings and presentations on a regular basis throughout the year.

Other executive and top management shall attend Board meetings by standing invitation.

The Board will adopt appropriate structure and procedures to ensure it retains its independence and functions independently of management. This will include the Non-Executive Directors meeting in the absence of management on a periodic, schedule basis

Non-Executive Directors may communicate with members of the senior management team at any time. However, unless the matter relates to operation of Board Committees or duties of the Company Secretary, in the ordinary course of communications between the Non-Executive Directors and the senior management should be through Managing Director and the Chair.

5. Investor and Stakeholder Liaison

The Board's investor and stakeholder liaison objective is to ensure that there is effective communications with its shareholders, the financial communities and other stakeholders that fairly and accurately reflect the Group. This is to help the Company to achieve a fair market value for its securities and optimum cost of capital and at the same time to facilitate investors and potential investors to make informed investment decisions.

The Board's investor and stakeholders relations initiatives are designed and driven by the following principals:

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- The Board will always report its financial results and material development to the Exchange, its shareholders and other stakeholders in an open, timely and comprehensive manner;
- The Board will communicate only through its designated spokespersons;
- The Board will leverage its website as an additional communications channel;
- The Board will proactively address reports and rumors, so as to avoid unnecessary speculation in its securities;
- The Board will give reasonable access to analysts and the media to help them have informed opinions of the Group, but will not seek to influence those opinions or to give information that is not available to the general public; and
- The Board will meet with its shareholders in the Company's Annual General Meeting and Extraordinary General Meeting to inform, and obtain feedback from shareholders

6. Board Committees

The Board may from time to time establish appropriate Committees to assist it in the discharge of its responsibilities. However, the Board will not delegate any of its decision making authority to those Committee.

The Board has establish the following Committees:

- Audit Committee
- Nomination Committee; and
- Remuneration committee.

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Each formally constituted Committee will have written terms and reference, approval by the Board. Formal minutes of each Committee meeting will be prepared and circulated to each of the Directors within the time frame set out in the relevant Committee's terms of reference, together with a clear list of recommendations and/or matters and issues for the consideration of the full Board at the next board meeting.

Where a Committee meeting is necessarily held a short time in advance of a Board meeting, for example where the Audit Committee completes its review of the financial statements only shortly in advance of the Board meeting to approve those accounts, the Board will accept a verbal report from the Chairperson of the Committee. However, this must be followed by formal written minutes within the prescribed timeframe.

The Board has sole responsibility for the appointment of Directors to Committee taking into account the needs of the Committees, legislative requirements, skill sets and the experience of the individual Directors.

The role, function, performance and membership of each Committee will be reviewed on an annual basis as part of the Board's appraisal process.

7. Meetings and Minutes

Board meetings are held on a regular basis, as determined annually in advance by the Board. The agenda for each meeting is dictated by the needs of the Board and the matters set out in the annual agenda for attention at a particular meeting.

Additional Board meetings can be convened by the Company Secretary at the request of any Director at any time by giving all Directors at least seven days notice in writing. A meeting may, with the consent of all Directors, be convened with shorter notice.

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Personal attendance of Board members at meeting is preferred. But, the Board and Board Committees may hold meetings at two or more venues using any technology (for example: videoconferencing and teleconferencing) that gives all members of the Board of the relevant Board Committee a reasonable opportunity to participate in the meeting.

In addition to the above, subject to relevant laws and guidelines, the following should be observed by Board:-

- To meet on a quarterly basis, but in any event, no less than once in every three (3) months, or whenever deemed necessary;
- All directors must attend at least 50% of the Board meetings held in each financial year or such other percentage as may be prescribed by the Listing Requirements;
- the quorum of the meetings shall be met pursuant to the Article of Association of the Company;
- the participation of the director can be facilitated by means of video or telephone conferencing;
- Head of the respective operating units and relevant management personnel may be invited to attend the Board meetings;
- The Company Secretary shall be appointed as Secretary of the Board Meeting and minutes of meetings shall be taken and documented; and
- Information should be supplied to the directors at least seven (7) days prior to the meeting.

In lieu of meeting, the Board is allowed to carry out resolutions by way of circulation.

8. Access of Information and Resources

The Board shall:

- have complete, adequate and timely information prior to Board meetings and on an ongoing basis;
- have the resources required to perform its duties;
- have full and unrestricted access to any information pertaining to the Group; and

- be able to obtain independent professional or other advice at the expenses of the Company

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9. Continuing Education Program and Training

Directors are expected to undertake continuing professional education to enable them to discharge their duties effectively. While management, Company Secretary, Internal and External Auditors will brief the Board on changes in the legislative, regulatory or industry framework which impact the Group this is not a substitute for the Directors' efforts to seek continuous knowledge of the changes in the market regulations.

Based on the result of appraisal, the Nomination Committee would assist the Board to undertake an assessment of the training needs of each Director.

10. Performance Appraisal

Regular reviews of Directors' effectiveness and performance are importance for governance improvement of the Board. The Board reviews and evaluates individual Director's performance, its own performance and the performance of its Committees at least annually against measurable and qualitative indicators based on the report of the nomination committee.

11. Remuneration

The Board will consider for adoption a remuneration policy established by the Remuneration Committee designated to enhance corporate and individual performance. The level of remuneration will be designed to attract and maintain talented and motivated Directors and employees. The remuneration of executive directors and senior management are is determined in accordance with their experience and the level of responsibilities assumed.

The annual fees to be paid to Directors will be recommended by the Board and subject to ordinary resolution of the Shareholders.

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12. Conflict of Interests

Director are required to take all reasonable steps to avoid actual, potential and perceived conflict of interest with the Group's interest.

Should there be actual, potential or perceived conflict of interest between an entity and a Director, or a person connected with Director such as spouse, other family members, or a related company, the interested directors shall make full disclosure in bona fide and act honestly in the best interest of the Company and shall not participate in deliberations and shall abstain himself/herself from casting his/her votes in any matter arising there from.

13. Indemnity and Insurance

The Directors and officers of the Group are entitled to be indemnified against liabilities arising from their holding of office in the Group. In this respect, the Company will consider the appropriate insurance policy to mitigate this risk.

14. Publication of the Board and Committee Charters

The Charter will be available to all Directors. A copy of this Charter shall be published on the Company's website.

15. Review of the Board Charter

The Board will review this Charter and the terms of reference of its Committees at least once in every three years and make any necessary or desirable amendments to ensure they remain consistent with the Boar's objectives, current regulation requirements and governance best price. Changes of the provision in the Charter shall be adopted by the Board with a resolutions.

Annually, Board shall also conduct an appraisal and evaluate its performance vis-à-vis the provision in the Board Charter. This review shall be administered by the Nomination Committee and reported to Board.