



## **BOARD CHARTER**

(Revised and Adopted on 24 February 2022)

**CYCLE & CARRIAGE BINTANG BERHAD**



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### BOARD CHARTER

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#### CHRONOLOGY OF CHANGES TO THE BOARD CHARTER OF CCB

##### No. Historical Records

1. The 1<sup>st</sup> Board Charter was adopted by the Board of Directors (“**Board**”) at its Board Meeting (“**BODM**”) for 2001 held in November 2001.
2. The Board had at its BODM for 2008 held in October 2008 adopted the revised 2<sup>nd</sup> Edition Board Charter.
3. Following the release of the Malaysian Code on Corporate Governance (“**MCCG**”) 2012 by the Securities Commission Malaysia (“**SC**”) on 29 March 2012, the Board had at its Fourth BODM for 2012 held on 30 October 2012 adopted the revised 3<sup>rd</sup> Edition Board Charter
4. In view that Board Charter is required to be reviewed by the Board at least once in every three years, the Board had at its Fourth BODM for 2015 held on 29 October 2015 adopted the revised 4<sup>th</sup> Edition Board Charter.
5. Following the release of the MCCG 2017 by SC on 26 April 2017, the Board had at its First BODM for 2018 held on 28 February 2018 adopted the revised 5<sup>th</sup> Edition Board Charter.
6. In view that Board Charter is required to be reviewed by the Board at least once in every three years and following the issuance of Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries by SC on 30 July 2020 (“**SC Guidelines**”) and amendments made to the Listing Requirements, the Board had at its first BODM for 2021 held on 25 February 2021 adopted the revised 6<sup>th</sup> Edition Board Charter.
7. The Board had on 25 January 2022 decided to merge the Nomination Committee and Remuneration Committee of the Company into a single committee known as “Nomination and Remuneration Committee” with effect from 1 February 2022.

In view thereof and following the issuance of the revised MCCG by the SC on 28 April 2021 as well as the amendments made to the Listing Requirements, the Board had at its first BODM for 2022 held on 24 February 2022 adopted the revised 7<sup>th</sup> Edition Board Charter.



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#### I. BOARD CONDUCT AND RESPONSIBILITIES

The Board of Directors (“**Board**”) is entrusted and empowered by shareholders to ensure the proper management of the entity, including optimising long-term financial returns. The Board is responsible for ensuring that the Company and its subsidiaries (“**Group**”) are managed to achieve this result. This is an active, not a passive, responsibility. The Board must ensure that in good times, as well as difficult times, management is capable of executing its responsibilities.

In addition to fulfilling its obligations for increased shareholder value, the Board has responsibility to the Group’s customers, employees, suppliers and to the environment, governance and communities where it operates, all of whom are fundamental to a successful business. All of these responsibilities, however, are founded upon the successful continuation of the business.

The duties, powers and functions of the Board are governed by the Constitution of the Company, the Companies Act 2016 (“**CA 2016**”), regulatory guidelines and requirements that are in force.

The Board should objectively discharge their duties and responsibilities at all times as fiduciaries, act with integrity, lead by example, exercise their powers for a proper purpose and in good faith in the best interests of the Company.

Having regard to the responsibilities and obligations, the Board will exercise reasonable care, skill and diligence in directing and supervising the management of the business and affairs of the Group, including:

1. Ensuring that the Group’s goals are clearly established and that a strategic plan, which supports long-term value creation and promotes sustainability, is in place to achieve them;
2. Setting the Company’s sustainability strategies, priorities and targets together with management and ensuring that the same as well as performance against these targets, are communicated to the internal and external stakeholders of the Company.
3. Ensuring that they stay abreast with and understand the sustainability issues relevant to the Company and its business, including climate-related risks and opportunities.

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4. Establishing policies for strengthening the performance of the Group including ensuring that management is proactively seeking to build the business through innovation, initiative, technology, new products and the development of its business capital;
5. Adopting performance measures to monitor implementation and performance of the strategy, policies, plans, legal and fiduciary obligations that affect the business;
6. Overseeing the conduct of the Group's business to evaluate whether the business is being properly managed. This includes ensuring the solvency of the Group and the ability of the Group to meet its contractual obligations and to safeguard its assets;
7. Appointing the Chief Executive Officer, including setting the relevant terms and objectives and where necessary, terminating his / her employment with the Group;
8. Ensuring that the Group has appropriate business risk management process, including adequate control environment be it the internal control systems and management information systems, systems for compliance with applicable laws, regulations, rules, directives and guidelines and controls in areas of significant financial and business risks;
9. Setting the risk appetite, identifying the principal risks and actively identify, assess and monitor key business risks, including corruption risk, to safeguard shareholders' interests and the Company's assets;
10. Appointing Board Committees to address specific issues, considering recommendations of the various Board Committees and discussing problems and reservations arising from these Committees' deliberations and reports;
11. Ensuring that the statutory accounts of the Company and Group are fairly stated and otherwise conform with the relevant regulations including acceptable accounting policies that result in balanced and understandable financial statements;
12. Ensuring that all directors are able to understand financial statements and form a view on the information presented;

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13. Ensuring that records of the Group including its accounting records are properly kept and maintained to sufficiently explain the business, transactions and financial position of the Group, to enable the preparation of true and fair financial statements as well as to enable the accounting and other records of the Group to be conveniently and properly audited;
14. Ensuring that the Group adheres to high standards of ethics and corporate behaviour in accordance with the Group's code of corporate conduct including transparency in the conduct of business. Directors are required to comply with the Directors' Code of Best Practice which amongst others includes the declaration of any personal, professional or business interests, direct or indirect which may conflict with Directors responsibilities as a Board Member and to refrain from voting on such transaction with the Group;
15. Reviewing the Board Charter at least once in every 3 years and ensuring that it is published on the Company's website;
16. Ensuring that there is an appropriate corporate disclosure policy and procedure in place, leveraging on information technology for effective dissemination of information, to ensure comprehensive, accurate and timely disclosures;
17. Ensuring that there is an appropriate investor relations and communications policy in place which encourages shareholders' participation at general meetings and promotes effective, transparent and regular communication with its stakeholders;
18. Ensuring there is an adequate group wide framework for co-operation and communication between the Group to enable it to discharge its responsibilities including oversight of group financial and non-financial performance, business strategy and priorities, risk management including material sustainability risks, and corporate governance policies and practices;
19. Together with the management of the Group, establish, implement and review periodically (i.e. at least once in every 3 years) policies and procedures on anti-bribery and corruption as well as whistleblowing. Ensuring that such policies are published on the Company's website;
20. Establish, implement and review periodically (i.e. at least once in every 3 years) policies and procedures to manage potential conflict of interest situations including:

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- (i) potential conflict of interest between any Director and the Company;
  - (ii) potential conflict of interest between the Company and its subsidiaries;
- and

21. Establish, implement and review periodically (i.e. at least once in every 3 years) policies and procedures to manage material sustainability risks and board diversity including gender diversity.

Directors should consult the Chairman and the Company Secretary, as required for any clarifications on their responsibilities and duties and any dealings from which potential conflict of interest situation may arise.

A Director who is appointed by virtue of his position as a representative of a shareholder, must act in the best interest of the Company. In the event of any conflict between his duty to act in the best interest of the Company and his duty to his nominator, he must not subordinate his duty to act in the best interest of the Company to his nominator.

Directors must at all times be aware of their additional role as ambassadors of the Group and as such should be guided accordingly.

A schedule of matters reserved for unanimous decision of the Board is provided in Appendix A. In the event where a director is deemed interested in any of these reserved matters, the interested director shall abstain from deliberation and voting on the said matter and the collective decision of the non-interested directors shall be deemed as unanimous decision of the Board.

## **II. BOARD MEMBERSHIP GUIDELINES**

### **1. Size of the Board**

The maximum number of Directors is stipulated in the Constitution. Generally, the size of the Board will be such that the common purpose, involvement, participation, harmony and sense of responsibility of the Board Members will not be jeopardised. It must be large enough to ensure a range of knowledge, views and experience and should be a size that encourages effectiveness.



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#### 2. Composition

The composition of the Board will reflect the duties and responsibilities it is to discharge and perform as representatives of the interests of shareholders. The composition of the Board shall reflect as much as possible or practicable, proportional representation of investments in the Company.

At least half of the Board, shall be Independent Directors. The definition of independent director follows that of Paragraph 1.01 of the Bursa Malaysia Securities Berhad ("**Bursa Securities**") Main Market Listing Requirements ("**Listing Requirements**").

Further, the Board should ensure there is at least one woman director on Board.

These will be factored into Board succession planning. In the event that the Board composition may not meet this requirement due to retirement or resignation of directors from time to time, the Board together with the Nomination and Remuneration Committee will take steps to identify suitable candidates to be appointed to the Board to restore the composition of the Board.

The Nomination and Remuneration Committee is responsible for overseeing the selection and reviewing, on an annual basis, the appropriate skills, experience and characteristics required of Board Members, in the context of the needs of the Group with reference to its business.

The Nomination and Remuneration Committee should ensure that the composition of the Board is refreshed periodically. The tenure of each director should be reviewed by the Nomination and Remuneration Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the Board.

The Board should ensure that shareholders be provided with the information they require to make an informed decision on the appointment and re-appointment of a director in the notice of general meetings such as name, age, gender, working experience and any conflict of interest as well as directorship in other companies.

The Board delegates the screening and evaluation process for potential new Directors and Directors to be nominated for re-election to the Nomination and



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Remuneration Committee. Upon receipt of the recommendation from the Nomination and Remuneration Committee, the Board itself should be responsible for selecting its members pursuant to Clause 102 of the Constitution of the Company and/or in recommending them for election by the shareholders in accordance with the CA 2016. In addition, the Chairman of the Board is required to actively participate in the selection of Board Members.

In the event of an Executive Director's service contract with the Group terminates for whatever reason, the said Executive Director is expected to resign from the Board. Nonetheless the Board may, if it considers appropriate, and subject to shareholders' approval where necessary, re-appoint the said Director as a Non-Executive Director.

The Constitution provides for one third of the Board to retire at each annual general meeting and a retiring director shall be eligible for re-election.

#### **3. External Board Appointments**

Any Board Member is, while holding office, at liberty to accept other board appointments (outside the Group) so long as the appointment is not in conflict with the business of the Company and Group and does not detrimentally affect the Director's performance as a Board Member.

All such appointments must first be discussed with the Chairman of the Board before being accepted. The notification of other directorships held in the public companies or subsidiaries of public companies should be submitted to the Company or Company Secretary within 14 days from the date of appointment or any changes thereof and shall include an indication of time that will be spent on the new appointment

A Director must not hold more than 5 directorships in listed companies.

#### **4. Board Leadership**

The Board shall appoint a Chairman and if necessary, a Deputy Chairman from amongst its non-executive members. The Deputy Chairman shall perform the duty of the Chairman during the Chairman's absence.

The role of the Chairman of the Board and the Chief Executive Officer shall be separated and performed by different individuals. The position description of



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the Chairman and the Chief Executive Officer and Non-Executive Directors are provided in Appendices B, C and D respectively.

The Chairman is responsible for representing the Board to shareholders. The Chairman is responsible for ensuring the integrity and effectiveness of the governance process of the Board and maintaining regular dialogue with the Chief Executive Officer over all operational matters and will consult with the Board promptly over any matter that gives him / her cause for major concern. The Chairman is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board.

The Chairman will act as facilitator at meetings of the Board to ensure that no Board Member, whether executive or non-executive, dominates discussion, that robust discussion takes place and that relevant opinion among Board Members are forthcoming. The Chairman will ensure that discussions result in logical and understandable outcomes.

#### 5. Induction of New Board Members

The Chairman should ensure that all Board Members, when taking up office, are fully briefed on the terms of their appointment, duties and responsibilities. New Board Members will also be briefed on the operations of the Group to increase their understanding of the business and the environment and markets in which the Group operates.

All new Board Members must attend the Mandatory Accreditation Programme (“MAP”) in full and procure a certificate from the approved organiser to confirm his completion of the MAP within 4 months from the date of appointment in accordance with the Listing Requirements.

The new Board Member will be given a copy of the following and will meet with Chief Executive Officer and Chief Financial Officer for a briefing on the Company’s background, organisational structure and business:

- i. Board Charter;
- ii. Latest annual reports and Audited Financial Statements;
- iii. Organisation chart and particulars on management; and
- iv. Minutes of past three Board of Directors’ meetings.



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Board Members are expected to keep themselves abreast of changes and trends in the business and in the Group's business environment and markets and changes and trends in the economic, political, social, legal and regulatory climate that could affect the business of the Group.

#### **6. Shareholdings by Board Members in the Company**

Board Members may hold shares in the Company. When buying or selling shares in the Company, Board Members must strictly observe Chapter 14 of the Listing Requirements, the provisions of CA 2016 and the Constitutions, the Director's Code of Best Practice and all relevant legislative and regulatory procedures. Further, Board Members shall notify the Company or Company Secretary for any changes of their shareholdings in the Company within the next business day from the date of change.

### **III. BOARD AND MEMBER EVALUATIONS**

The Chairman keeps under review, informally, the contributions made by Board Members. A broad interpretation of contribution is applied, which can be in terms of contribution to meetings of the Board, Committee meetings, representing the Company or Group in public events etc.

The Nomination and Remuneration Committee is given the task to review annually the membership and effectiveness of the Board and Board Committees and the performance, contribution and independence of individual Board Members to ensure that the Board's size, structure and composition meets the needs of the Company.

The Nomination and Remuneration Committee is required to report annually to the Board an assessment of the Board's and its committees' performance. This will be discussed with the full Board. This shall be done following the end of each financial year (or such other time as the Board deems appropriate).

Every year, the Nomination and Remuneration Committee will evaluate each individual Director's contributions to the effectiveness of the Board and the relevant Board Committees. The Independent Directors as defined under Paragraph 1.01 of the Listing Requirements are also required to declare their independence on an annual basis. The results of such evaluation will be discussed with the Committee and/or the Chairman of the Board. The evaluation on the Chairman of the Board is



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discussed between the Deputy Chairman and the Nomination and Remuneration Committee.

In addition, performance evaluations of the Board as well as management shall also include a review of the performance of the Board and management in addressing the Company's material sustainability risks and opportunities.

#### **IV. DIRECTORS' REMUNERATION**

The Board will determine policy and procedure in determining the level of remuneration of Board Members as well as management, taking into consideration the recommendations of the Nomination and Remuneration Committee.

The remuneration policies and practices should appropriately reflect the different roles and responsibilities of Non-Executive Directors, Executive Directors and management. The policies and procedures are periodically reviewed and made available on the Company's website.

Non-executive Board Members will be paid a basic fee as ordinary remuneration and will be paid a sum based on their responsibilities in Committees and the Board, their attendance and/or special skills and expertise they bring to the Board. The fee shall be fixed in sum and not by a commission on or percentage of profits or turnover.

Executive Board Members will receive no fees but will be paid as employees of the Company in accordance with their contracts of employment with the Company. The Remuneration package for executive Board Members shall be reviewed by the Nomination and Remuneration Committee and may not include a commission on or percentage of turnover.

#### **V. BOARD STRUCTURES AND PROCEDURES**

##### **1. Board Committees**

The Board may delegate responsibility for specified matters to individual members or committees of the Board. All such committees must be provided with written terms of reference which state clearly the extent and limits of their responsibilities and authority and whether they act on behalf of the Board or report back to the Board.

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The present Board Committees are the Audit Committee, and the Nomination and Remuneration Committee. The respective committees' terms of references are set out in the following appendices:

- Audit Committee (Appendix F)
- Nomination and Remuneration Committee (Appendix G)

#### **2. Board Meetings**

The Chairman should ensure that the Board meets at regular intervals throughout the year. At each scheduled meeting, the Board should consider, where applicable:

- an operational report from the Chief Executive Officer and Chief Financial Officer covering the trading results;
- proposals for significant capital expenditure and acquisitions;
- proposals for significant disposal of company assets;
- major issues or opportunities for the Group;
- committee minutes / Board Circular Resolutions for notation;
- changes in directorship and disclosure of interest;
- disclosure of dealings by Directors / principal officers;
- summary of share ownership movement; and
- any other matters requiring its authority.

In addition, the Board shall, at periodic intervals of not more than one year:

- review the Company and Group goals;
- review the strategies for achieving the stated goals;
- approve the operational plan and budget;
- consider and, if appropriate, declare or recommend the payment of dividends;
- review and approve the following statements for inclusion into the annual report:
  - Corporate Governance Overview Statement;
  - Statement on Risk Management and Internal Control;
  - Audit Committee Report;

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- Nomination and Remuneration Committee Report;
- Sustainability Statement;
- Management Discussion and Analysis Statement; and
- Directors' responsibility statement in respect of the annual audited financial statements.
- review and approve the Corporate Governance Report;
- review the reports and recommendations from the Audit Committee and:
  - approve the quarterly announcements and annual audited financial statements for issuance to shareholders and the public;
  - approve the appointment of the Group's external auditors; and
  - approve risk assessment and internal control policies.
- review and endorse recommendations from the Nomination and Remuneration Committee on:
  - the Board and Board Committees' composition, structure, necessity and succession;
  - the Board and Board Committees' performance; and
  - the Board, Board Committees and individual member including peer-to-peer evaluations.
- review and endorse reports and recommendations from the Nomination and Remuneration Committee on:
  - non-executive Board members' remuneration;
  - Chief Executive Officer's performance and remuneration; and
  - the short-term incentive plan and long-term incentive plan framework for management.

The Constitution of the Company stipulates the procedures for convening Board meetings and the size and required attendance for the Board's quorum.

Board meeting agendas shall be the responsibility of the Chairman with input from Board Members and the Company Secretary. The Chairman may also ask management to participate in this process.

The agenda for each meeting shall be circulated at least five days before each meeting to the Board Members and all those who are required to attend the meeting. Written materials including information requested by the Board from management and / or external consultants shall be received together with the agenda for the meetings.



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Information furnished to the Board should not just be historical or bottom line and financial oriented but information that goes beyond assessing the quantitative performance of the Group and looks at other performance measures such as customer satisfaction, product and service quality, market share, market reaction, environmental performance and so on when dealing with any item on the agenda.

The Chairman shall cause minutes to be duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the Board. Key transactions or critical decisions shall be deliberated and decided by the Board in a meeting. The minutes of meetings shall accurately record decisions taken, basis for those decisions and the views of individual Board Members including any dissenting views, where appropriate. Such minutes shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated. Minutes of each meeting shall also be distributed to all members of the Board in a timely manner.

Board Members are expected to make every effort to attend Board meetings and prepare thoroughly. Members are expected to participate fully, frankly and constructively in Board discussions and conduct due inquiry before arriving at its decision and to bring the benefit of their particular knowledge, skills and abilities to the Board table.

Board discussions will be open and constructive, recognising that genuinely held differences of opinion can, in such circumstances, bring greater clarity and lead to better decisions. In the event where a director is deemed interested in a matter to be determined by the Board, the interested director shall abstain from deliberation and voting on the said matter. The Chairman will, nevertheless, seek a consensus in the Board but may, where considered necessary, call for a vote. All discussions and their record will remain confidential unless there is a specific direction from the Board to the contrary or disclosure is required by law. Subject to legal or regulatory requirements, the Board will decide the manner and timing of the publication of its decisions.

Executive Directors shall also attend Board meetings to discharge their Board responsibilities as Board Members. At the Board meetings, their Board responsibilities supersede all of their executive responsibilities.

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#### **3. Provision of Business or Professional Services by Board Members**

To avoid a conflict of interest (actual or perceived), Board Members should not, generally provide business or professional services of an ongoing nature to the Group.

Notwithstanding the general rule, the Company and/or Group is at liberty to:

- for the purpose of a special assignment, engage the services of any Board Member having special expertise in the particular field; or
- engage the services of a firm or company of which the Board Member is a partner, Director or major shareholder so long as the terms of engagement are competitive, are clearly recorded and all regulatory and legal requirements of the engagement are properly observed.

#### **4. Access to Independent Professional Advice**

In discharging Directors' duties, each member of the Board is entitled to obtain independent professional advice at the cost of the Company.

If a Director considers that such advice is necessary, the Director shall first discuss it with the Chairman and, having done so shall be free to proceed. The Director should provide proper notice to the Company Secretary of the intention to seek independent advice and shall provide the names(s) of the professional advisors that he / she intends to contact, together with a brief summary of the subject matter for which professional advice is sought. The Company Secretary shall provide written acknowledgement of acceptance of notification. In the event that one or more Directors seek to appoint one or more advisors, the Chairman should take steps to facilitate discussions to arrive at a consensus.

Fees for the independent professional advice will be payable by the Company but proper approval of the Chairman will be required.

For avoidance of doubt, the above restriction shall not apply to executive Directors acting in the furtherance of their executive responsibilities and within their delegated powers.

For the purposes of this section, independent professional advice shall include advice sought from legal experts, accountants or other professional advisor and consultants. Independent professional advice shall exclude any advice



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concerning the personal interests of the Directors (such as with respect to their contracts or disputes with the Group), unless these are matters affecting the Board as a whole.

#### **5. The Company Secretary**

The appointment or removal of Company Secretary or Secretaries of the Board shall be approved by the Board unanimously. The Secretary appointed should be suitably qualified and competent, to provide sound governance advice, ensure adherence to rules and procedures and advocate adoption of corporate governance best practices in order to support the Board in carrying out its roles and responsibilities.

The Secretary is responsible for ensuring that Board procedures are followed, that the applicable rules and regulations for the conduct of the affairs of the Board are complied with and for all matters associated with the maintenance of the Board or otherwise required for its efficient operation.

All Board Members, particularly the Chairman, have unrestricted access to the advice and services of the Company Secretary in relation to affairs and business of the Board as well as corporate governance.

## **VI. RELATIONSHIP OF THE BOARD WITH MANAGEMENT**

#### **1. Access to Management and Information**

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

It is assumed that Board Members will use judgement to be sure that this contact is not distracting to the business operation of the Group and that such contact, if in writing, be copied to the Chief Executive Officer and Chairman.

Furthermore, the Board encourages the management to, from time to time, involves managers in Board meetings who:

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- can provide additional insight into the items being discussed because of personal involvement in these areas; and / or
- represent managers with future potential that the management believes should be given exposure to the Board.

#### 2. Position of the Chief Executive Officer

The Board will link the Company's governance and management functions through the Chief Executive Officer. All Board authority conferred on management is delegated through the Chief Executive Officer so that the authority and accountability of management is considered to be the authority and accountability of the Chief Executive Officer so far as the Board is concerned. The Board shall regularly review the division of responsibilities to ensure that the needs of the Company are consistently met.

The Board, through the Nomination and Remuneration Committee, will agree with the Chief Executive Officer to achieve specific results directed towards the Company and / or Group goals.

Between Board meetings, the Chairman maintains an informal link between the Board and the Chief Executive Officer, and expects to be kept informed by the Chief Executive Officer of all important matters, and is available to the Chief Executive Officer to provide counsel and advice where appropriate.

Only decisions of the Board acting as a body are binding on the Chief Executive Officer. Decisions or instructions of individual Board Members, officers or committees are not binding except in those instances where specific authorisation is given by the Board.

#### 3. Accountability of the Chief Executive Officer to the Board

The Chief Executive Officer is accountable to the Board for the achievement of the Company goals and for the observance of the management authorities.

At each normal Board meeting, the Board should expect to receive from or through the Chief Executive Officer:

- the operational and other reports and proposals referred to under the section on Board Meetings and Appendix A: Schedule of Matters Reserved for Collective Decision of the Board; and

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- such assurances as the Board considers necessary to confirm that the management authorities are being observed.

#### **4. Management Authorities**

The Chief Executive Officer is expected to act within all specific authorities delegated to him / her by the Board.

The Chief Executive Officer is expected to not cause or permit any practice, activity or decision that is contrary to commonly accepted good business practice or professional ethics. In allocating the capital and resources of the Company and / or Group, the Chief Executive Officer is expected to adhere to the Company and / or Group goals. He / She is expected to not cause or permit any action without taking into account the health, safety, environmental and political consequences and their effect on long-term shareholder value.

The assets of the Group are expected to be adequately maintained and protected, and not unnecessarily placed at risk. In managing the risks of the Group, the Chief Executive Officer is expected to not cause or permit anyone to substitute their own risk preference for those of the shareholders as a whole.

The Chief Executive Officer is expected to not permit employees and other parties working for the Group to be subjected to treatment or conditions that are undignified, inequitable, unfair or unsafe.

#### **5. Leadership Development**

There should be an annual report by the Chief Executive Officer to the Nomination and Remuneration Committee on succession planning. There should be available, on a continuing basis, the Chief Executive Officer's recommendation as to a successor should he / she be unexpectedly unavailable/disabled.

### **VII. RELATIONSHIP BETWEEN THE BOARD AND SHAREHOLDERS, INSTITUTIONAL INVESTORS, PRESS, CUSTOMERS, ETC**

The Board will use its best endeavours to familiarise itself with issues of concern to shareholders and will make its recommendation on whether to carry out virtual or physical Annual or Extraordinary General Meetings.



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The Board to ensure that general meeting of the Company (whether fully virtual or hybrid) support meaningful engagement between the board, management and shareholders, including having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders.

The Board believes that management speaks for the Group. Individual Board Members may, from time to time at the request of the management, meet or otherwise communicate with various constituencies that are involved with the Group. If comments from the Board are appropriate, they should, in most circumstances, come from the Chairman.

#### **VIII. INDEMNIFICATION AND DIRECTORS' & OFFICERS' INSURANCE**

In the course of discharging Directors' duties, the Directors may be exposed to certain wrongful acts such as error, misstatement, misleading statement, omission, neglect or breach of duty committed or attempted or allegedly made in the course of duties. To the extent allowed by law, the Company will provide Board Members and will pay a portion of the premiums for such indemnity and insurance cover while acting in their capacities as Directors. Provided always that such wrongful acts occur in good faith and not as a result of dishonesty, fraud, insider trading, malicious conduct, fines, penalties, liabilities arising from intentional breach of contract and liquidated, punitive or exemplary damages.

#### **IX. ABSENCE OF THE CHIEF EXECUTIVE OFFICER**

In the event that the Company does not have a Chief Executive Officer in office, during the period of such absence, all the provisions of this Charter (including the Appendices) that apply to the Chief Executive Officer shall apply to such other person appointed by the Board to have overall charge of the Company, unless the Board or a Board Committee decides otherwise that certain provisions are not to apply or are to apply with modification. The Board and Board Committees may also put in place additional rules and guidelines pertaining to this person's role.

This Section IX shall cease to apply upon the appointment of the Chief Executive Officer.



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#### **Appendix A**

#### **SCHEDULE OF MATTERS RESERVED FOR UNANIMOUS DECISION OF THE BOARD**

The authorities of the Board are specified below. The authorities may be varied from time to time as determined unanimously by the Board.

##### **Conduct of Board**

1. Appointment and removal of Directors based on recommendations of the Nomination and Remuneration Committee;
2. Appointment, resignation and/or removal of Company Secretaries;
3. Appointment of Board Committees and members (based on the recommendations of the Nomination and Remuneration Committee for Board Committees);
4. Approval of terms of references of Board Committees and amendments to such terms;
5. Appointment of Chief Executive Officer and Chief Financial Officer as well as his/her duties and the continuation (or not) of their service; and
6. Approval on delegation of authorities to the management with regards to business and affairs of the Group.

##### **Remuneration**

1. Approval of the remuneration arrangements for Non-Executive Directors;
2. Approval of the remuneration structure and policy for the Chief Executive Officer and where appropriate, key executives based upon recommendations of the Nomination and Remuneration Committee;
3. Approval of remuneration packages for the Chief Executive Officer and where appropriate, management based upon recommendations of the Nomination and Remuneration Committee; and
4. Approval of any proposed new share issuance scheme, share grant scheme and / or amendments to the existing scheme, subject to other approvals that may be required by law or regulations.



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### BOARD CHARTER

#### Appendix A

##### Operational

1. Approval of business strategy and group operational plan and budget;
2. Ongoing review of performance against business strategy and group operational plan, including identifying and monitoring of key risks and risk management policies and actions;
3. Approval of budgeted or unbudgeted capital expenditure above RM10.0 million or as may be determined from time to time;
4. Approval of investment or divestment in excess of RM5.0 million in a wholly-owned subsidiary company;
5. Approval of investment or divestment in a company / business / property / undertaking;
6. Approval of investment or divestment of a capital project which represents a significant diversification from the existing business activities;
7. Approval of changes in the major activities of the Company or Group;
8. Approval of treasury policies and bank mandate; and
9. Setting or variation of the authority level of the Chief Executive Officer.

##### Financial

1. Approval of interim and annual financial statements after taking into consideration the recommendations of the Audit Committee;
2. Approval for the release of financial announcements;
3. Approval of the Annual Directors' Report and Statutory Accounts;
4. Approval of interim dividends, the recommendation of final dividends and the making of any other distribution;
5. Adoption of accounting policies after taking into consideration the recommendations of the Audit Committee;
6. Approval of corporate policies and procedures after review by the Chief Executive Officer and management where appropriate; and



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### BOARD CHARTER

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7. Review the effectiveness of the Group's system of risk management and internal control. This function is delegated to the Audit Committee which will in turn report to the Board on its findings.

#### Other Matters:

1. The granting of powers of attorney by the Company;
2. The entering into of any indemnities or guarantees;
3. Recommendations for the alteration of the Constitution of the Company;
4. Alteration of the accounting reference date, registered office and name of the Company;
5. Purchase of own shares by the Company;
6. Issue of any debt instruments;
7. Substantial charitable or other contributions;
8. Scheme of reconstruction or restructuring;
9. Any other significant business decision; and
10. Any other matter requiring the convening of a general meeting of shareholders or any class of shareholders.

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## **CYCLE & CARRIAGE BINTANG BERHAD**

### **BOARD CHARTER**

#### **Appendix B**

#### **POSITION DESCRIPTION OF THE CHAIRMAN**

The responsibilities of the Chairman include:

1. Provides leadership to the Board;
2. Chairs meetings of the Board in such a manner that will stimulate debate on issues before the Board and encourage the most effective contribution from each Board Member;
3. Chairs general meetings of the Company and ensure that general meetings support meaningful engagement between the Board, management and shareholders;
4. Establishes procedures to govern the Board's work;
5. Ensures the Board's full discharge of its duties;
6. Schedules meetings of the full Board;
7. Organises and presents the agenda for regular or special Board meetings based on input from other Directors and the Company Secretary;
8. Ensures proper flow of information to the Board, reviewing adequacy and timing of documentary materials in support of management's proposal and review of performance of the Company and / or Group;
9. Ensures adequate lead time for effective study and discussion of business under consideration;
10. Identifies guidelines for the conduct of Directors and monitors the contributions made by Board Members;
11. Acts as liaison between the Board and management. The Chairman should act as the main informal link between the Board and management, particularly between the Board and the Chief Executive Officer;
12. Ensures that all Board Members, when taking up office, are fully briefed on the terms of their appointment, duties and responsibilities and the business of the Group;
13. Together with the Chief Executive Officer, represents the Company and / or Group to external groups such as shareholders, creditors, consumer groups, local communities and federal, state, and local government;





## **CYCLE & CARRIAGE BINTANG BERHAD**

### **BOARD CHARTER**

#### **Appendix B**

14. Together with the Chief Executive Officer, plays a leading role in:
  - formulating the Board's strategic direction and planning process;
  - encouraging high standards of propriety and promoting efficient and effective use of staff and other resources throughout the organisation; and
  - fostering high corporate ethical standards and positive relationships with the Company's shareholders;
15. Together with the Nomination and Remuneration Committee, actively participates in the selection of Board Members and ensuring the membership is properly balanced;
16. Together with the Nomination and Remuneration Committee, ensures proper committee structure, including assignments of members and committee chairmen. The Chairman should also ensure that a formal succession plan for the Board is in place; and
17. Carries out other duties as requested by the Board as a whole, depending on the needs and circumstances.

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## **CYCLE & CARRIAGE BINTANG BERHAD**

### **BOARD CHARTER**

#### **Appendix C**

#### **POSITION DESCRIPTION OF THE CHIEF EXECUTIVE OFFICER**

The Chief Executive Officer is accountable to the Board for the overall organisation, management, and staffing of the Company and / or Group and for the procedures in financial and other matters, including conduct and discipline. This includes promoting by leadership and example. The Chief Executive Officer's authority is explicitly provided for in the Limits of Authority. Board Members should support the Chief Executive Officer in undertaking this responsibility.

The role of the Chief Executive Officer can be summarised as follows:

1. Fosters a corporate culture that promotes ethical practices, encourages individual integrity, and fulfil social responsibility;
2. Maintains a positive and ethical work climate that is conducive to attracting, retaining, and motivating a diverse group of top-quality employees at all levels;
3. Develops and recommends to the Board a long-term strategy and vision for the Company and / or Group that leads to the creation of shareholder value;
4. Develops and recommends to the Board the operational plan and budget that support the Company's and / or the Group's long-term strategy;
5. Manages the overall business and oversees the day-to-day operations of the Company;
6. Ensures continuous improvement in the quality and value of the products and services provided by the Group;
7. Ensures that the Company achieves and maintains a satisfactory competitive positions within its industry;
8. Develops and recommends to the Board a management structure and operating authority levels which include delegation of responsibilities to management;
9. Ensures that the Company has an effective management team below the level of the Chief Executive Officer and has an active plan for its development and succession. Reports to the Nomination and Remuneration Committee annually on the succession and management development plan;



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#### **Appendix C**

10. Ensures, in cooperation with the Nomination and Remuneration Committee / Board, that there is an effective succession plan in place for the Chief Executive Officer position;
11. Formulates and oversees the implementation of major corporate policies;
12. Accountable to the Board for the propriety and regularity of the finances;
13. Responsible for the financial management of the Company and / or Group and overseeing the handling of financial matters which include keeping proper accounts for prudent and economical administration, avoidance of waste and extravagance for efficient and effective use of all the resources;
14. Reports to the Board periodically on the financial positions of the Group which include forecast results as required from time to time;
15. Reports to the Board on key performance indicators in relation to the financial results, market conditions and other developments;
16. Recommends annual management salary increment and employees share option entitlement to the Nomination and Remuneration Committee;
17. Reports to the Nomination and Remuneration Committee on the results of employee union negotiation;
18. Reports on significant business decisions;
19. Serves as the chief spokesperson for the Group; and
20. Refers to the Board Committees on matters requested from time to time.

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## **CYCLE & CARRIAGE BINTANG BERHAD**

### **BOARD CHARTER**

#### **Appendix D**

#### **POSITION DESCRIPTION OF THE: (I) NON-EXECUTIVE DIRECTORS**

Non-Executive Directors are:

- Those who have no direct or indirect pecuniary interest in the Company other than their Directors' emoluments and their "permitted" shareholdings in the Company;
- Those who are not employees of the Company or affiliated with it in any other way and are not involved in the day-to-day running of business but may have pecuniary interest in the Company, whether direct or indirect; or
- Those who are not employees of the Company but are standing as nominees for substantial shareholders.

The roles of the Non-Executive Directors can be summarised as follows:

1. Act as a bridge between management and stakeholders, particularly shareholders. They could provide the relevant checks and balances, focusing on shareholders' and other stakeholders' interests and ensuring that high standards of corporate governance are applied.
2. For the Board to create an environment that allows the expression of disagreement when discussing strategic issues.
3. Bring dispassionate objectivity that a Director with a relationship with the Company cannot provide.

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#### **(II) INDEPENDENT NON-EXECUTIVE DIRECTORS**

Independent Directors are essential for protecting the interests of minority shareholders and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality. Since an Independent Director has no conflict of interests in the discharge of his duties, he ought to approach any approval that is being sought at Board level for a transaction or any matter with a watchful eye and with an inquiring mind.

In reviewing and challenging the management's proposals at meetings, Independent Directors are expected to make independent assessment, to provide independent views and demonstrate objectivity without being subordinated to operational considerations.

They shall ensure that the interests of all stakeholders, and not only the interests of a particular fraction or group, are taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board.

Paragraph 1.01 of the Listing Requirements provides that an Independent Director is one who is independent of management and free from any business or other relationship that could interfere with the exercise of independent judgement or the ability to act in the best interests of a listed company.

The Independent Director of the Company must be a person who:

- is not an Executive Director of the Company or any related corporation of the Company;
- is not and has not been within the last 3 years, an officer (except as an Independent Non-Executive Director) of the Company (as defined under Section 2 of the Companies Act 2016 but excludes a director who has served as an Independent Non-Executive Director of the Company or any related corporation of the Company for a cumulative period of less than 12 years);
- is not a major shareholder of the Company;



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- is not a relative of any Executive Director, officer or major shareholder of the Company;
- is not acting as a nominee or representative of any Executive Director or major shareholder of the Company;
- has not been engaged as a professional adviser by the Company under such circumstances as prescribed by Bursa Securities or is not presently a partner, Director (except as an Independent Director) or a major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to the Company under such circumstances as prescribed by Bursa Securities;
- has not engaged in any transaction with the Company under such circumstances as prescribed by Bursa Securities or is not presently a partner, Director or a major shareholder, as the case may be, of a firm or corporation (other than subsidiaries of the Company) which has been engaged in any transaction with the Company under such circumstances as prescribed by Bursa Securities; and
- has not served as an Independent Non-Executive Director in the Company or any related corporation of the Company for a cumulative period of more than 12 years from the date of his first appointment as an Independent Non-Executive Director.

The Board may, at the recommendation of the Nomination and Remuneration Committee, approve the appointment of a Senior Independent Non-Executive Director from amongst the Independent Non-Executive Directors to act as an additional safeguard and to serve as a point of contact for investors and shareholders when the normal channel of communication is considered to be inappropriate or inadequate.

As regards to selection of a Senior Independent Non-Executive Director, the Corporate Governance Guide: Pull Out I issued by Bursa Securities clarifies that the Board would need to take into account factors such as leadership qualities, expertise and industry or board experience to determine the eligibility of a director as a Senior Independent Non-Executive Director.

The roles of Senior Independent Non-Executive Director can be summarised as follows:



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1. acts as a sounding board to the Chairman (e.g. offer counsel to the Chairman on matters such as board dynamics and concerns of stakeholders);
2. serves as an intermediary for other directors when necessary (e.g. facilitate confidential discussions with directors who may have concerns which they believe have not been properly considered by the board or which they feel may not be appropriate to raise in open forum or with the Chairman directly);
3. acts as point of contact for shareholders and other stakeholders particularly on concerns which cannot be resolved through the normal channels of the Chairman and/or Chief Executive Officer;
4. provides leadership support and advice to the board in the event the Board is undergoing a period of stress (e.g. conflict between the Chairman and Chief Executive Officer or the strategy being followed by the Chairman and/or Executive Officer is not supported by the Board);
5. provide support and advice to the Chairperson of the Nomination and Remuneration Committee on the succession planning and appointment of board members, including the future chairman and chief executive officer;
6. provide support and advice to the Chairperson of the Nomination and Remuneration Committee on the annual review of board effectiveness and ensuring that the performance of each individual director is assessed objectively and holistically; and
7. in the event of vacancy of the chair of the Nomination and Remuneration Committee, to serve as the Chairperson of Nomination and Remuneration Committee pending the Board's determination of a new chairperson of the Nomination and Remuneration Committee.

The MCGG recommends that the tenure of an Independent Director should not exceed a cumulative term limit of 9 years. Upon completion of 9 years, such Independent Director may continue to serve on the Board as a Non-Independent Director. This will be factored into Board succession planning. If the Board intends to retain an independent director beyond 9 years, it should justify and seek annual shareholders' approval and the shareholders' approval will be sought for such retention through a 2-tier voting process as set out in the MCGG. However the tenure of Independent



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Directors should be limited to not more than a cumulative period of 12 years. These will be factored into Board succession planning.

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#### **Appendix E**

#### **DIRECTORS' CODE OF BEST PRACTICE**

Board members are required to observe the Directors' Code of Best Practice as follows:

1. Compliance at all times with this Code of Best Practice and the Board Charter;
2. Observe high standards of corporate governance at all times;
3. Adhere to the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership;
4. Act in good faith and in the best interests of the Company and Group;
5. Not misuse information gained in the course of duties for personal gain or for political purposes, nor seeks to use the opportunity of the service as Directors to promote their private interests or those of connected persons, firms, businesses or other organisations;
6. Uphold accountability at all time. This includes ensuring that the Company's resources are properly safeguarded and the Company conducts its operations as economically, efficiently and effectively as possible at all time;
7. Board Members should not accept positions on Board Committees or working groups where a conflict of interest is likely to arise, without first declaring that interest;
8. Declaration of any personal, professional or business interests that may conflict with Directors' responsibilities. Guidance on declaration and registration of interests is given in the section entitled "Declaration of Interests" below; and
9. Follow the guidance on acceptance of gifts and hospitality as stated in the section entitled "Guidelines on Acceptance of Gifts" below.



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### **BOARD CHARTER**

#### **Appendix E**

##### 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 changes in the following:

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

In addition to the above, member 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:

1. 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.
2. Ownership or part-ownership of, or employment by, businesses or consultancies likely or possibly seeking to do business with the Company.

##### Register of Interests

The Code requires that a formal register of interests be established. The register should include details of all directorships and other relevant interests declared by Board Members.

The Register of Directors' Shareholdings should be kept up to date through the disclosure form and an annual survey from the Board Members' interests, carried out by the Company Secretary.

##### Conduct in Meetings

Any Board Member who has a clear and substantial interest in a matter under consideration by the Board should declare that interest at any meeting where the



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#### Appendix E

matter is to be discussed, whether or not that interest is already recorded in the register. The Board Member concerned should withdraw from the meeting during the relevant discussion or decision.

#### Membership of Committees

Board Members should not accept positions on Board Committees or working groups where a conflict of interest is likely to arise, without first declaring that interest.

#### Guidelines on Acceptance of Gifts

The following set out the guidelines on acceptance of gifts:

1. The conduct of individuals must not create suspicion of any conflict between their position as a member of the Board and any private interest;
2. Employees must be prudent and evaluate what, if anything, is expected in return when a gift or hospitality is offered to or received from any person or organisation or government official having dealings with the Company;
3. 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;
4. 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
5. Directors must ensure that such gifts and/or hospitality must not be too frequent or lavish, or done with deliberate intention to gain an unfair business advantage. Gifts other than of token value should generally be refused.

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### **BOARD CHARTER**

#### **Appendix F**

#### **AUDIT COMMITTEE TERMS OF REFERENCE**

##### **PURPOSE**

The Audit Committee is established as a committee of the Board of Directors. The primary objectives of the Audit Committee are to:

1. provide assistance to the Board in fulfilling its statutory and fiduciary responsibilities for review of the Company and its subsidiaries (the “Group”) and monitoring the Group’s management of business/financial risk processes and accounting and financial reporting practices;
2. determine that the Group has adequate administrative, operational and internal accounting controls and that the Group is operating in accordance with its prescribed procedures, codes of conduct and applicable legal and regulatory requirements;
3. serve as an independent and objective party in the review of the financial information presented by management for distribution to shareholders and the general public;
4. ensure that the Company’s financial statements complies with applicable financial reporting standards;
5. ensure there are policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements;
6. provide direction and oversight over the internal audit function and the External Auditors to enhance their independence from management; and
7. review and report to the Board any related party transactions and conflict of interest situation including any transaction procedure or course of conduct that raises questions of management integrity.

##### **MEMBERSHIP**

The Audit Committee shall have at least three members. All the members must be Non-Executive Directors with a majority of them being Independent Directors. The chairperson of the Committee shall be an Independent Director, and shall not be the Chairman of the Board.



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All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process. All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and audit standards, practices and rules.

At least one member of the Committee, preferably an Independent Director, must meet the criteria set by the Listing Requirements (Paragraph 15.09(1)(c)).

Audit Committee members and the chairperson shall be appointed by the Board based on the recommendations of the Nomination and Remuneration Committee. No Alternate Directors shall be appointed to the Audit Committee. A former partner of the Group's external auditor and/or the affiliate firms has to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

If a member of the Committee resigns, dies or for any reason ceases to be a member resulting in non-compliance with the above paragraphs, the Board shall, within three (3) months of that event, appoint such number of new members as may be required.

The Audit Committee shall have no executive powers.

#### **COMMITTEE'S OPERATING PRINCIPLES**

The Audit Committee shall, wherever necessary and reasonable for the performance of its duties and in accordance with the procedures determined by the Board and at the cost of the Group:

1. Have authority to investigate any matter within its terms of reference;
2. Have the resources which are required to perform its duties;
3. Have full and unrestricted access to any information pertaining to the Company and the Group;
4. Have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
5. Be able to obtain independent professional advice or other advice; and



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6. Be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

#### **MEETINGS**

The Committee shall meet at least four (4) times each year. Additional meetings shall be scheduled as considered necessary by the Committee or Chairperson. The Committee may establish any procedures from time to time to govern its meetings, keeping of minutes and its administration. The quorum shall consist of a majority of the Independent Non-Executive Directors.

The Committee may request other Directors, members of management, counsels, Internal Auditors and External Auditors, as applicable to participate in Committee meetings, as necessary, to carry out the Committee's responsibilities. It shall be understood that either Internal or External Auditors, may, at any time, request a meeting with the Audit Committee with or without management attendance.

The External Auditors shall be given notice of meetings and shall have the right to attend and speak.

The Secretary of the Committee shall be appointed by the Committee from time to time. Committee meeting agendas shall be the responsibility of the Committee Chairperson with input from Committee members. The chairperson may also ask management to participate in this process. The agenda for each meeting shall be circulated at least five days before each meeting to the Committee members, the External Auditors and all those who are required to attend the meeting. Written materials including information requested by the Committee from management, internal audit and external auditors shall be received together with the agenda for the meetings.

The Committee shall cause minutes to be duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the Committee. Such minutes shall be signed by the chairperson of the meeting at which the proceedings were held or by the Chairperson of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated. Minutes of each meeting shall also be distributed to all attendees (members) of the Audit Committee meeting and External Auditors.



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The Committee, through its Chairperson, shall report to the Board after each meeting. The minutes of the Committee meeting shall be available to all Board members.

Circular Resolutions signed by all the members shall be valid and effective as if it had been passed at a meeting of the Audit Committee.

#### **SCOPE OF ACTIVITIES**

The duties of the Audit Committee shall include the following:

1. To recommend appointment of the External Auditors and their fees and consider any questions of resignation or dismissal including whether there is reason (supported by grounds) to believe that the External Auditors are not suitable for re-appointment, including making an assessment of their competence, audit quality and resource capacity, independence and determining if the nature, extent and fees charged are appropriate where the external auditors also provide non-audit services to the Company;
2. To review the external auditors' proposed scope and approach before the audit commences and ensure co-ordination where more than one audit firm is involved;
3. To review the quarterly financial announcements and year-end financial statements of the Group, prior to the approval by the Board, focusing particularly on:
  - changes in or implementation of major accounting policy changes;
  - significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed;
  - significant adjustments arising from the audit;
  - going concern assumption;
  - ascertain if financial statements are consistent with the operational information and provide a true and fair view of the Company's financial position and performance; and
  - compliance with accounting standards and other legal requirements.

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4. To discuss problems and reservations arising from the audits and any matter the auditor may wish to discuss (in the absence of management where necessary) including assistance given by employees of the Group to the Auditor;
5. To review with the external auditors, their evaluation of the system of internal controls, including any significant suggestions for improvements and management's response;
6. To review with the External Auditors, their audit report;
7. To annually assess the suitability, objectivity and independence of the Auditor and to recommend their re-appointment;
8. To review the Group's business risk management process, including adequacy of the Group's overall control environment and controls in selected areas representing significant financial and business risk;
9. To do the following where an internal audit function exists:
  - recommend the appointment and removal of the internal auditors;
  - review the adequacy of the scope, function, budget, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
  - review the internal audit programme, process and results of the internal audit programme, processes or investigation undertaken and where necessary ensure that appropriate action is taken on the recommendations of the internal audit function;
  - ensure that the internal audit function is independent of the activities it audits; the internal audit function should be free from interference in determining the scope of internal audit, performing work and communicating results; and
  - ensure that the internal audit function reports directly to the Committee;
10. To review any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
11. To review the major findings of internal investigations and management's response;
12. To review management's monitoring of compliance with the Group's code of corporate conduct;





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13. To review with the Group's counsels, any legal matters that could have a significant impact on the Group's financial statements;
14. To verify at the end of each financial year, the allocation of options under a share issuance scheme and share grant scheme for employees, if any, to ensure compliance with the allocation criteria determined by the Nomination and Remuneration Committee and in accordance with the By-Laws of the relevant Option Scheme. A statement by the Committee verifying such allocation shall be included in the annual report;
15. To review the findings of any examinations by regulatory authorities;
16. Where the Audit Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of Bursa Securities' requirements, the Audit Committee must promptly report such matters to Bursa Securities; and
17. Perform other oversight functions as requested by the Board.

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#### **NOMINATION AND REMUNERATION COMMITTEE TERMS OF REFERENCE**

##### **PURPOSE**

The Nomination and Remuneration Committee, a Committee of the Board of Directors (“**Board**”), is established primarily to:

1. Identify, select and recommend to the Board, candidates for directorships of the Company and its subsidiaries (“**Group**”);
2. Recommend to the Board, Directors to fill vacancies on Board Committees;
3. Evaluate the effectiveness of the Board and Board Committees (including its size and composition), contributions and performance of each individual Director and the independence of the Independent Directors;
4. Ensure an appropriate framework and plan for Board and management succession for the Group;
5. Provide assistance to the Board in determining the remuneration of Executive Directors (if any), management and employees based on merit, qualification and competence while having regard to the Group’s operating results, individual performance and comparable market statistics;
6. Establish the Chief Executive Officer’s goals and objectives; and
7. Review the Chief Executive Officer’s performance against the goals and objectives set.

##### **MEMBERSHIP**

The Nomination and Remuneration Committee shall consist entirely of Non-Executive Directors with a majority being Independent Directors. It shall have at least three members and the quorum for the Committee shall be two members. Its members and the Chairman shall be appointed by the Board based on the recommendations of the Nomination and Remuneration Committee. The Chairman of the Committee shall not be the Board Chairman. The appointment of a Committee member terminates when the member ceases to be a director, or as determined by the Board.

In the event of equality of votes, the Chairman of the Committee shall have a casting vote (except where 2 Directors form the quorum). In the absence of the Chairman of



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the Committee, the members present shall elect one of their numbers to chair the meeting.

The Committee members shall:

- have a good knowledge of the Group and its Executive Directors, and full understanding of shareholders' concerns; and
- have a good understanding, enhanced as necessary by appropriate training or access to professional advice, on/of areas of remuneration.

#### **MEETINGS**

The Committee shall meet at least once a year. Additional meetings shall be scheduled as considered necessary by the Committee or Chairman. The Committee may establish any procedures from time to time to govern its meetings, keeping of minutes and its administration.

The Committee may consult the Chairman of the Board regarding proposals relating to the remuneration of the Chief Executive Officer. The Committee may consult other Non-Executive Directors in its evaluation of the Chief Executive Officer. The Committee may request other Directors and key executives to participate in Committee meetings, as necessary, to carry out the Committee's responsibilities.

The Committee shall have access to such information and advice, both from within the Group and externally, as it deems necessary or appropriate in accordance with the procedures determined by the Board and at the cost of the Group. The Committee is authorised by the Board to obtain external legal or other professional advice, as well as information about remuneration practices elsewhere. The Committee may, if it thinks fit, secure the attendance of external advisers with relevant experience and expertise, and shall have the discretion to decide who else other than its own members, shall attend its meetings. No Director or executive shall take part in decisions on his/her own remuneration.

The Secretary of the Committee shall be appointed by the Committee from time to time. Committee meeting agendas shall be the responsibility of the Committee Chairman with input from Committee members. The Chairman may also ask management to participate in this process.



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The agenda for each meeting shall be circulated at least five days before each meeting to the Committee members and all those who are required to attend the meeting. Written materials including information requested by the Committee from management or external consultants shall be received together with the agenda for the meetings.

The Committee shall cause minutes to be duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the Committee. Such minutes shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated. The minutes of the Committee meeting shall be available to all Board members.

The Committee, through its Chairman, shall report to the Board at the next Board of Directors' meeting after each Committee meeting. When presenting any recommendation to the Board, the Committee will provide such background and supporting information as may be necessary for the Board to make an informed decision. The Committee shall provide such information to the Board as necessary to assist the Board in making a disclosure in the Annual Report in accordance with the recommendation of the MCCG 2021 and Appendix 9C Part A of the Listing Requirements.

The Chairman of the Committee shall be available to answer questions about the Committee's work at the Annual General Meeting of the Company.

#### **SCOPE OF ACTIVITIES**

The duties of the Nomination and Remuneration Committee shall include the following:

- **Structure, Size & Composition of Board and Board Committees and Succession Planning**
  1. To review annually and recommend to the Board with regards to the structure, size, balance and composition of the Board and Committees including the required mix of skills and experience, core competencies which Non-Executive Directors should bring to the Board and other qualities to function effectively and efficiently;



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2. To formulate the policy on Board composition having regard to the mix of skills, independence and diversity (including gender diversity) required to meet the needs of the Company;
3. To establish appropriate plans for succession at Board and management;
- **Appointment of Board, Board Committees, Chief Executive Officer and Chief Financial Officer**
4. To determine and review the criteria for appointment of Board, Board Committee members, Chief Executive Officer and Chief Financial Officer based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender;
5. To establish and recommend to the Board a fit and proper policy for the appointment and re-election of directors of the Group, which addresses Board quality and integrity to ensure that each director has the character, experience, integrity, competence and time to effectively discharge his role;
6. To consider, evaluate and propose to the Board any new Board appointments, whether of executive or non-executive position;
7. To recommend to the Board:
  - whether Directors who are retiring by rotation should be put forward for re-election; and
  - termination of membership of individual Directors in accordance with policy, for cause or other appropriate reasons;
8. To evaluate and recommend the appointment of Chief Executive Officer and Chief Financial Officer and their duties and the continuation (or not) of their service.

In making a recommendation to the Board on the candidate for directorship, Chief Executive Officer and Chief Financial Officer, the Nomination and Remuneration Committee shall have regard to:

- size, balance, composition, mix of skills, experience, core competencies and other qualities of the existing Board, level of commitment, resources and time that the recommended candidate can contribute to the Board and the Group, including the existing board positions held by the candidate in listed and non-listed companies; and
- Non-Executive Directors should be persons of calibre, credibility and have the necessary skill and experience to bring an independent and objective



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judgement to bear on issues considered by the Board and that Independent Non-Executive Directors should make up at least half of the membership of the Board.

In identifying candidates for appointment of Directors, the Nomination and Remuneration Committee does not solely rely on recommendations from existing Board member, management or major shareholders. The Nomination and Remuneration Committee may also utilise independent sources to identify suitably qualified candidates;

- **Evaluation of Board and Board Committees**

9. To establish and implement the criteria and processes for assessing the effectiveness of the Board as a whole, the Committees of the Board and for assessing the contribution and performance of each Director and independence of each Independent Director;
10. To evaluate on an annual basis:
  - the independence of each Independent Director;
  - the effectiveness of each Director's ability to contribute to the effectiveness of the Board and the relevant Board Committees and to provide the necessary feedback to Directors in respect of their performance;
  - the effectiveness of the Committees of the Board; and
  - the effectiveness of the Board as a whole;

- **Remuneration Policies and Evaluation of Management**

11. To review and recommend the entire individual remuneration packages for each of the Executive Directors (if any), the Chief Executive Officer and, as appropriate, other management, including: the terms of employment or contract of employment/service; any benefit, pension or incentive scheme entitlement; any other bonuses, fees and expenses; and any compensation payable on the termination of the service contract by the Company and/or the Group;
12. To establish and recommend to the Board, a transparent remuneration structure and policy which attracts and retains Executive Directors (if any) and key executives and to review for changes to the policy, as may be necessary for alignment with the business strategy and long-term objectives of the Company;



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13. To review with the Chief Executive Officer, his/her goals and objectives and to assess his/her performance against these objectives as well as contribution to the corporate strategy;
  14. To ensure that a strong link is maintained between the level of remuneration and individual performance against agreed targets, the performance-related elements of remuneration setting forming a significant proportion of the total remuneration package of the Chief Executive Officer;
  15. To review and approve management's recommendation on the annual salary increment of the Group's executive employees (non-directors) and bonus and other benefits which should be made based on the individual's performance and responsibilities and should be reasonable with reference to the level of compensation accorded by comparable companies or industry in line with the overall performance of the Group;
  16. To review the short-term incentive plan and long-term incentive plan framework for management;
  17. To consider and recommend compensation commitments / severance payments for key executives in the event of early termination of the employment / service contract;
- **Other Matters**
18. To review and recommend to the Board regarding any proposed new share issuance scheme, share grant scheme and/or amendments to the existing scheme;
  19. To review and recommend the granting of share options to the Group's executives under any share issuance scheme, share grant scheme and to consider matters arising from implementation of share issuance scheme;
  20. To provide the Directors access to adequate training for continuous education including orientating new Directors with respect to the business, structure and management of the Group as well as the expectations of the Board with regards to their contribution to the Board and Group; and
  21. To consider other matters as referred to the Committee by the Board.

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