

**WEGMANS HOLDINGS BERHAD**  
**(Company No.:1219319-D)**

<b>BOARD CHARTER</b>
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**PURPOSE**

This Board Charter sets out the Board's strategic intent and outlines the general functions, duties and responsibilities of the Board as officers of the Company to ensure the highest standards of business integrity, ethics and professionalism across the Company's activities, and effective corporate governance and compliance with the Applicable Laws.

This Charter further defines the specific responsibilities of the Board, in order to enhance coordination and communication between the management and the Board and more specifically, to clarify the accountability of both the Board and management for the benefit of the Company and its shareholders. In addition, it will assist the Board in the assessment of its own performance and of its individual Directors.

This Board Charter does not overrule or pre-empt the statutory requirements and other relevant statutes. This Board Charter shall form an integral part of each Director's duties and responsibilities and aims to enhance practices and guidance from the following documents:

- (i) The Malaysian Code on Corporate Governance 2017 ("Code 2017") which provides principles and recommendations promulgating good corporate governance practices and accountability of companies and their board of directors; and
- (ii) The Corporate Governance Guide - Towards Boardroom Excellence, 2<sup>nd</sup> Edition issued by Bursa Securities in 2013, which is designed to help the directors understand their roles and duties to the company and its stakeholders.

**A. BOARD RESPONSIBILITIES**

The Board is obligated and responsible for the proper stewardship of the Company. The Board is to ensure the maximisation of the Shareholders' value and safeguarding the stakeholders' interests including securing sustainable long-term financial results and increasing shareholder value, with proper social and environmental considerations. Hence, the Board should collectively have sound and sufficient knowledge and expertise to enable effective governance and oversight.

Generally, a Director's responsibilities are as follows:

- 1. To be aware of the Company's operating environment and promote safe and soundness of the Company;
- 2. To be diligent in undertaking his duties and avoid conflict of interest situation;
- 3. To understand his oversight role and exercise independent judgment in decision making;
- 4. To devote adequate time and attention to discharge his duties and responsibilities effectively; and
- 5. To contribute actively to the functions of the Board and be able to provide sound and objective advice.

The Board has the following responsibilities to facilitate the effective discharge of the Board's stewardship in the pursuit of the Company's best interest:

- 1. Adopting and reviewing the overall strategic plans and direction of the Company on a regular basis and monitoring the management's performance in its implementation;

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2. Overseeing and evaluating the annual budgets, business plans and the conduct and performance of the Company;
3. Identifying the Company's principal risks and ensuring the implementation of a comprehensive internal control and risk management policy and procedures;
4. Evaluating, approving and monitoring major capital expenditure, capital management and all major corporate transactions;
5. Ensuring, together with senior management, that the Company adheres to high standards of ethics and corporate governance practices to be compliance with applicable laws, regulations, accounting standards, rules, directives, and guidelines (including the Listing Requirements, Code 2017 and the Applicable Laws);
6. Developing and implementing a policy and/or procedure to enable effective communication with, and appropriate disclosure to the shareholders and other stakeholders, and ensuring that the shareholders have access to information about our Company on a timely manner;
7. Reviewing the adequacy and integrity of the Company's internal control systems and management information systems, including systems for compliance with Applicable Laws; and
8. Ensuring that the senior management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of the Board and senior management.

The matters listed in the **Appendix A** are reserved for the collective decision of the Board.

**B. BOARD MEMBERSHIP GUIDELINES**

1. Composition

At least two (2) Directors or one third (1/3) of the Board, whichever is higher, shall be independent directors as defined in the Listing Requirements of Bursa Securities. The positions of Chairman of the Board and the Managing Director ("MD") should be held by different individuals. Separation of the positions of the Chairman and MD promotes accountability and facilitates division of responsibilities between them.

The tenure of an independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent Director may continue to serve on the Board subject to the director's re-designation as a non-independent Director. Otherwise, the Board must justify and seek Shareholders' approval at annual general meeting in the event it retains the directorship as an independent Director.

In accordance with the Code 2017, the Board should seek annual Shareholders' approval through a two-tier voting process to retain such independent director after the twelfth year.

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The Board is responsible to determine the appropriate size of the Board. The screening and evaluation process for potential new Directors and existing Directors to be nominated for re-election are delegated to the Nominating and Remuneration Committee.

On the appointment of new Director, the new Director is required to commit sufficient time to attend to the Company's meetings/matters before accepting his/her appointment to the Board.

To ensure the Directors have the time to focus and fulfill their roles and responsibilities effectively, one (1) criteria as agreed by the Board is that they must not hold directorships at more than five (5) public listed companies ("PLC") (as prescribed in Rule 15.06 of Listing Requirements). Directors are also required to notify the Chairman before accepting any new Directorship in other company and/or PLC and to indicate the time expected to be spent on the new appointment.

On boardroom diversity, the Board is supportive of the gender boardroom diversity recommended by Code 2017. The Board through the Nominating Committee will review the proportion of the female and male board members during the annual assessment of the Directors' performance taking into consideration the appropriate skills, experience and characteristics required by the members of the Board, in the context of the needs of the Company.

The Board shall be responsible for recommending its members for election by the Shareholders.

2. Role of Chairman

The Chairman represents the Board to the Shareholders. The Chairman is responsible for ensuring the integrity and effectiveness of the governance processes of the Board and will consult with the Board promptly over any matter that gives him cause for major concern.

The Chairman will act as facilitator at meetings of the Board and ensure that no Board Member, whether executive or non-executive, dominates the discussion, and that appropriate discussion takes place and that relevant opinion among the members of the Board are forthcoming.

The key roles and accountabilities of the Chairman are as follows:

- (a) Providing leadership for the Board so that the Board can perform its responsibility effectively;
- (b) Leading board meetings and discussions;
- (c) Providing governance in matters requiring corporate justice and integrity;
- (d) Managing Board communications and Board effectiveness and effective supervision over management;
- (e) Creating conditions for good decision making during Board and Shareholder meetings;

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- (f) Ensuring Board proceedings are in compliance with good conduct and best practices;
- (g) Protecting the interest and provide for the information needs of various Stakeholders;
- (h) Ensuring appropriate steps are taken to provide effective communication with Stakeholders and that their views are communicated to the Board as a whole;
- (i) Maintaining good contact and effective relationships with external parties, investing public, regulatory agencies and trade associations;
- (j) Ensuring that quality information to facilitate decision-making is delivered to the Board on timely manner;
- (k) Ensuring compliance with all relevant regulations and legislation; and
- (l) Leading the Board in establishing and monitoring good corporate governance practices in the Company.

3. New Board Members

New members of the Board shall be briefed on the terms of their appointment, their duties and obligations and on the operations of the Company. Copies of the following, if applicable, shall be provided to the newly appointed Director:

- (a) Board Charter;
- (b) Constitution;
- (c) Directors' Code of Ethics;
- (d) Whistle-blowing policy;
- (e) Board Committees' composition and terms of reference ("ToR");
- (f) Latest business plans;
- (g) Latest annual reports and financial statements; and
- (h) Organisation chart.

The Directors' Code of Ethics and Whistle-blowing policy are as set out in Appendices B and C.

4. Shareholdings by Board Members in the Company

Members of the Board may hold shares in the Company. When purchasing or selling shares in the Company, members of the Board must strictly observe and comply with the provisions of the Constitution, the Act and Listing Requirements, the Directors' Code of Ethics and all other relevant legislative and regulatory requirements.

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**C. BOARD STRUCTURES AND PROCEDURES**

1. Board Committees

The Board may delegate specified matters to individual members or committees of the Board to oversee critical or major functional areas and to address matters which required detailed review or in-depth consideration. All such committees must be provided with written terms of reference which state clearly the extent and limits of their responsibilities and authority, specifically whether they have authority to decide on behalf of the Board or are to report back to the Board.

The Board of the Company has established three (3) committees which operate within its own specific ToR ("**Board Committees**"). The Board Committees undertakes in-depth deliberation of the issues at hand before tabling its recommendations to the Board. The Board Committees which shall be established are as follows:

- (a) Audit Committee ("**AC**");
- (b) Nominating Committee ("**NC**"); and
- (c) Remuneration Committee ("**RC**").

(collectively, referred to as the "**Board Committees**")

The respective ToR are set out in the Appendices D, E and F.

2. Board Meetings

The Board shall meet at regular intervals throughout the year. At each scheduled meeting, the Board shall consider, where applicable:

- Operational report(s), the financial results and cash flow projections;
- Review the reports and recommendations of the AC;
- Approve the quarterly announcement and quarterly financial statements to shareholders and the public;
- Matters which are reserved for its collective decision;
- Significant capital expenditure and acquisitions;
- Significant disposal of the Company's assets;
- Major issues or opportunities;
- Committee minutes / Directors' Circular Resolutions for notation;
- Changes in directorships and disclosure of interests;
- Disclosure of dealings by directors / principal officers;
- Summary of share ownership movement; and

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- Any other matters requiring its authority.

In addition, the Board shall, at periodic intervals of not more than one (1) year:

- Review the Company's goals;
- Review the strategies for achieving the stated goals;
- Approve the operational plan and budget;
- Consider and if deem appropriate, declare or recommend the payment of dividends; and
- Review/approve the reports and recommendations from the Board Committees.

3. Access to Independent Professional Advice

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

4. The Company Secretary

The appointment or removal of Company Secretary or Secretaries of the Board shall be the prerogative of the Board.

The Company 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.

The key roles of the Company Secretary are as follows:

- i) Manage all Board and Committee meeting logistic, attend and record minutes of all board and committee meetings and facilitate board communications;
- ii) Advise the Board on its roles and responsibilities;
- iii) Facilitate the orientation of new Directors and assist in director training and development;
- iv) Advise the Board on corporate disclosures and governance issue and compliance with Company and securities regulations and Listing Requirements;
- v) Manage process pertaining to the annual general meeting; and
- vi) Monitor corporate governance development and assist the Board in applying governance practices to meet the Board's needs and Stakeholders expectations.

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**D. RELATIONSHIP OF THE BOARD WITH MANAGEMENT**

1. Access to Management and Information

Members of the Board should be given unrestricted access to the Company's management and to the information pertaining to the Company including from the Company's auditors and consultants.

Members of the Board must use proper judgment to ensure that the contact is not distracting to the business operations of the Company and the functioning of management. Any such contact must be made through the MD.

2. Position of MD

The Board will link the Company's governance and management functions through the Chairman with the MD. All Board authority conferred on Management is delegated through the MD so that the authority and accountability of management is considered to be the authority and accountability of the MD so far as the Board is concerned.

3. Accountability of MD

The MD is accountable to the Board for the achievement of the Company's goals and for the observance of the management authorities.

The MD shall be the head of the management of the Company and in that capacity is answerable to the Board.

The key roles of the MD, amongst others, include:

- developing the strategic direction of the Company;
- ensuring that the Company's strategies and corporate policies are effectively implemented;
- ensuring that Board decisions are implemented and board directions are adhered to;
- providing directions in the implementation of short and long term business plans;
- providing strong leadership i.e. effectively communicating a vision, management philosophy and business strategy to the employees;
- keeping the Board fully informed of all important aspects of the Company's operations and ensuring sufficient information is distributed to the members of the Board;
- ensuring high performance and productivity of top management staff by creating conditions for top management motivation, performance management and professional development;
- ensuring compliance with all relevant legislation and regulations by reviewing policies and monitoring compliance;

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- developing and maintaining effective relations with significant external agencies such as regulatory bodies, government agencies, investing public and other trade associations and institutions;
- ensuring the day-to-day business affairs of the Company is effectively managed; and
- ensuring the Group's internal control and risk management systems are operating adequately and effectively, in all material aspects.

4. Management Authorities

The MD is expected to act within all specific authorities delegated to him by the Board.

The assets of the Company are expected to be adequately maintained and protected, and not unnecessarily placed at risk.

5. Leadership Development

There shall be a periodic report at intervals of not more than one (1) year by the MD to the Board on succession planning.

**E. DIRECTORS REMUNERATION**

The Board will determine the level of remuneration of the members of the Board, taking into consideration the recommendations of the RC. Executive Directors should not be involved in deciding their own remuneration.

Non-executive members of the Board will be paid a basic fee as ordinary remuneration and they will also be paid a sum based on their responsibilities in Board Committees and for their attendances at meetings. The fee and any benefits payable to the Directors which is subject to the approval of the Shareholders, shall be fixed in sum and not by a commission or on percentage of profits/turnover. Directors who are shareholders should abstain from voting at general meetings to approve their fees.

**F. BOARD AND MEMBER ASSESSMENT**

The Chairman keeps under review, informally, the contributions made by the members of the Board. The NC is given the task to review annually the activities and effectiveness of the Board and the members of the Board. The Chairman of the NC oversees the overall evaluation process.

The NC is required to report annually an assessment of the Board's and its committees' performance. The assessment report together with the report on the Board balance (the required mix of skills and experience and other qualities) will be discussed with the full Board. This exercise is carried out after the end of each financial year or such other time as may be deemed appropriate.

As required under the Listing Requirements, the Board shall through NC, review the term of office and performance of the AC and each of its members annually to determine whether the AC and its members have carried out their duties in accordance with its ToR.

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

The Board will use its best endeavour to familiarise itself with issues of concern to the Shareholders.

Individual Board member may, from time to time at the request of the Management, meet or otherwise communicate with various constituencies that are involved with the Company. Comments from the Board, if appropriate in most circumstances, shall come from the Chairman.

**H. REVIEW OF THE BOARD CHARTER**

The Board Charter has been adopted by the Board on 29 May 2017 and last reviewed on 29 May 2017. Any subsequent amendment to this Charter can only be approved by the Board.

The Board Charter will be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities.

The Board Charter is made available for reference in the Company's corporate website.

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**APPENDIX A**

**MATTERS RESERVED FOR COLLECTIVE DECISION OF THE BOARD**

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

**Conduct of the Board**

1. Appointment and recommendation for removal of directors.
2. Appointment and removal of Company Secretaries.
3. Appointment of Board Committees and members.
4. Approval of terms of reference of Board Committees and amendments to such terms.

**Remuneration**

1. Approval/recommendation of the directors' fee/remuneration arrangements for non-executive directors.
2. Approval of the remuneration structure and policy for Executive Directors.
3. Approval of remuneration packages for Executive Directors.
4. Approval of any proposed employees' share issuance scheme and / or amendments to the scheme, subject to other approvals that may be required by the Applicable Laws.

**Operational**

1. Approval of business strategy and operational plan and annual budget.
2. Ongoing review of performance against business strategy and operational plan, including monitoring of key risks and internal control and risk management policies and actions.
3. Approval of capital expenditure above the prescribed amount as may be determined from time to time.
4. Approval of bad debts write-off in excess of the prescribed amount as may be determined from time to time.
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 significant changes in the activities of the Company.
8. Approval of treasury policies and bank mandate.
9. Approval of the limits of authority for the Company.

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**Financial**

1. Approval of interim and annual financial statements.
2. Approval for the release of financial announcements.
3. Approval of the annual directors' report and statutory accounts.
4. Adoption of accounting policies and practices, the going concern assumption and key audit matters.
5. Review and approve the risk management strategy, the management information and internal control systems of the Company and Group, evaluating the adequacy, effectiveness and the integrity thereof

**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. Scheme of reconstruction or restructuring.
8. Any other significant business decision.
9. Any other matter requiring the convening of a general meeting of Shareholders or any class of shareholders.
10. Any other matters as may be required by the Applicable Laws or the governing authorities.
11. Approval of interim dividends, the recommendation of final dividends and the making of any other distribution.
12. Approval of whistle-blowing policy and amendments from time to time.
13. Any other matters requiring the Board's approval under the limits of authority of the Company.