



**CARLSBERG BREWERY MALAYSIA BERHAD**  
(Co. No. 9210-K)  
(Incorporated in Malaysia)

## **BOARD CHARTER**

## CONTENTS

<b>A.</b>	<b>BOARD ROLES &amp; RESPONSIBILITIES</b> .....	<b>1</b>
<b>B.</b>	<b>BOARD MEMBERSHIP GUIDELINES</b> .....	<b>2</b>
1.	Composition and Board Balance .....	<b>2</b>
2.	Appointment to the Board.....	<b>3</b>
<b>C.</b>	<b>BOARD PROCEDURES</b> .....	<b>3</b>
1.	Board Meetings .....	<b>3</b>
2.	Access to Information & Independent Advice .....	<b>4</b>
<b>D.</b>	<b>DIRECTORS REMUNERATION</b> .....	<b>4</b>
<b>E.</b>	<b>INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION</b> .....	<b>5</b>
<b>F.</b>	<b>REVIEW OF THE BOARD CHARTER</b> .....	<b>6</b>
<b>APPENDIX A</b>		
	<b>MATTERS RESERVED FOR COLLECTIVE DECISION OF THE BOARD</b> .....	<b>7</b>
<b>APPENDIX B</b>		
	<b>TERMS OF REFERENCE OF AUDIT COMMITTEE</b> .....	<b>9</b>
<b>APPENDIX C</b>		
	<b>TERMS OF REFERENCE OF NOMINATION COMMITTEE</b> .....	<b>12</b>
<b>APPENDIX D</b>		
	<b>TERMS OF REFERENCE OF REMUNERATION COMMITTEE</b> .....	<b>15</b>



## CARLSBERG BREWERY MALAYSIA BERHAD BOARD CHARTER

### A. BOARD ROLES & RESPONSIBILITIES

The Board of Directors ("Board") is fully committed to ensuring that the highest standard of corporate governance including accountability and transparency is practised by the Company and throughout its group of subsidiaries ("Group") as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and the financial performance of the Group.

To this end, the Board continues to adopt the following principal responsibilities, which facilitate the discharge of the Board's fiduciary and leadership functions in the pursuit of the best interest of the Group:

1. *Reviewing and adopting a strategic plan for the Group;*
2. *Overseeing the conduct of the Group's business;*
3. *Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures to manage these risks;*
4. *Succession Planning;*
5. *Overseeing the development and implementation of a shareholder communications policy for the Group; and*
6. *Reviewing the adequacy and integrity of the Group's management information and internal control systems for compliance with applicable laws, regulations, rules, directives and guidelines.*

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

The Board has delegated specific responsibilities to the following committees ("Committees"):-

- i. Audit Committee
- ii. Nomination Committee
- iii. Remuneration Committee

The powers delegated to the Committees are set out in the Terms of Reference of each of the Committees as approved by the Board and set out in the **Appendices B, C and D**.

The Board adopts and is committed to the Carlsberg Group CSR Policies ("Group CSR Policies"); particularly relevant is the Business Ethics Policy which covers whistleblowing. The Group CSR Policies which govern how each of the Carlsberg companies conducts its affairs, ensures ethical business conduct and promotes sustainability. The Group CSR Policies are available on the corporate website - <http://www.carlsbergmalaysia.com.my>.



**CARLSBERG BREWERY MALAYSIA BERHAD  
BOARD CHARTER**

**B. BOARD MEMBERSHIP GUIDELINES**

**1. Composition and Board Balance**

- 1.1 The Board, together with the Nominating Committee, determines the size and composition of the Board subject to the terms of the Company's Articles of Association. At least two (2) directors or one third of the Board, whichever is higher, shall be Independent Directors as defined in the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Bursa Listing Requirements").
- 1.2 The presence of Independent Directors ensures that issues of strategies, performance and resources proposed by the management are objectively evaluated, taking into consideration the long-term interests of shareholders, employees, customers, suppliers and other communities in which the Group conducts its business. The Independent Directors also ensure that the investment of minority shareholders is fairly reflected through Board representation.
- 1.3 The Board shall undertake an annual assessment of the independence of its Independent Directors.
- 1.4 The tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the 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 director as an Independent Director.
- 1.5 The Articles of Association of the Company also provide that at least one-third of the remaining Directors be subject to re-election by rotation at each Annual General Meeting ("AGM"). Directors aged 70 years and above are required to retire at every AGM but shall be eligible to submit themselves for re-appointment until the next AGM in accordance with Section 129 of the Companies Act, 1965.
- 1.6 On boardroom diversity, the Board is supportive of the gender boardroom diversity recommended by the Malaysian Code on Corporate Governance 2012 ("Code 2012").
- 1.7 The roles and responsibilities of the Chairman and Managing Director are made clearly distinct to further enhance the existing balance of power and authority. The



## **CARLSBERG BREWERY MALAYSIA BERHAD BOARD CHARTER**

Chairman holds a Non-Executive position and is primarily responsible for matters pertaining to the Board and the overall conduct of the Group. The Managing Director oversees the day to day management and running of the Group and the implementation of the Board's decisions and policies.

### **2. Appointment to the Board**

- 2.1 The Nomination Committee, all of whom are Non-Executive Directors, is charged with the responsibility of, amongst others, recommending the appointment of new Directors to the Board.
- 2.3 On the appointment of a new Director to the Board, the new Director shall be required to commit sufficient time to attend to the Company's meetings/matters before accepting his/her appointment to the Board.
- 2.4 The Company has an induction and education programme for new Board members, which includes a visit to the Company's brewery and discussions with the Managing Director, Department Heads and Key Section Heads to better understand the operations, business and policies of the Group, which will allow new Board members to contribute effectively from the outset of their appointment. The relevant sections of the Bursa Listing Requirements, particularly in relation to their responsibilities as Directors, shall also be conveyed to them.
- 2.5 All new Directors are subject to election at the next Annual General Meeting after their appointment in accordance with the Company's Articles of Association.

### **C. BOARD PROCEDURES**

#### **1. Board Meetings**

The Board shall meet at least four (4) times a year, with additional meetings convened where necessary. Minutes of Board meetings are duly recorded by the Company Secretary. In the intervals between Board meetings, for exceptional matters requiring urgent Board decisions, Board approvals are obtained via circular resolutions which are supported with information necessary for an informed decision.



## **CARLSBERG BREWERY MALAYSIA BERHAD BOARD CHARTER**

### **2. Access to Information & Independent Advice**

- 2.1 All Directors shall be furnished with a comprehensive Board File including the meeting agenda usually two (2) weeks before each Board meeting. Sufficient time is to be given to enable the Directors to solicit further explanations and/or information, where necessary, so that deliberations at the meeting are focused and constructive.
- 2.2 The Board File includes, amongst others, sales and marketing development and strategies, financial results and forecasts, status of major projects, minutes of meetings of the Board and of the Audit Committee and other major operational, financial, compliance, strategic planning, succession planning and legal issues. In addition, there shall be a schedule of matters reserved specifically for the Board's decision.
- 2.3 All Directors shall have access to the advice and services of the Company Secretary as well as to all information within the Group.
- 2.4 There is also a formal procedure sanctioned by the Board of Directors, whether as a full board or in their individual capacity, to take independent professional advice, where necessary and in appropriate circumstances, in furtherance of their duties, at the Group's expense.

### **D. DIRECTORS REMUNERATION**

1. The objective of the Group's remuneration policy is to attract and retain the Directors required to lead and control the Group effectively. In the case of Executive Directors, the components of the remuneration package are linked to corporate and individual performance. For Non-Executive Directors, the level of remuneration shall be reflective of their experience and level of responsibilities.
2. The Remuneration Committee recommends for the Board's approval, the framework of executive remuneration of the Executive Directors' remuneration package.
3. Non-Executive Directors' fees are to be determined by the Board as a whole with the Director concerned abstaining from deliberations and voting on decisions in respect of his fee.



**CARLSBERG BREWERY MALAYSIA BERHAD  
BOARD CHARTER**

4. For the current remuneration policy, the remuneration payable to Non-Executive Directors in respect of Directors' fees are paid to Independent Directors only and also includes fees for Audit Committee Chairman and Audit Committee members of the Company, who are Independent Directors.
5. The remuneration for Non-Executive Directors, who are Non-Independent and are representatives of the Carlsberg Group in Denmark, are not paid by the Company but are paid by the Carlsberg Group.

**E. INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION**

1. The Board recognises the importance of an effective communications channel between the Board, shareholders and general public. The annual reports, press releases, quarterly results and any announcements on material corporate exercises are the primary modes of disseminating information on the Group's business activities and financial performance.
2. The Board shall identify an Independent Director as the Senior Independent Non-Executive Director to whom concerns may be conveyed.
3. The AGM represents the principal forum for dialogue and interaction with shareholders. At every meeting, the Board shall set out the progress and performance of the Group since the last meeting held. Shareholders are encouraged to participate in the subsequent question and answer session wherein the Directors, Company Secretary, Heads of Department as well as the Group's External Auditors are available to respond to the queries raised. In the event that an answer cannot be readily given at the meeting, the Chairman will undertake to provide a written reply to the shareholder.
4. Each item of special business included in the notice of meeting will be accompanied by a full explanation of the effects of a proposed resolution.
5. During the year, the Managing Director and/or key management personnel shall hold discussions with the press and analysts when necessary, to provide information on the Group's strategy, performance and major developments. A press briefing is also held after each AGM.



**CARLSBERG BREWERY MALAYSIA BERHAD  
BOARD CHARTER**

6. In addition, the Group maintains a website at [www.carlsbergmalaysia.com.my](http://www.carlsbergmalaysia.com.my) for shareholders and the public to access information on, amongst others, the Group's background and products, financial performance, frequently-asked questions (FAQs) and updates on its various sponsorships and promotions.

**F. REVIEW OF THE BOARD CHARTER**

The Board Charter has been adopted by the Board on **27 August 2013** and any subsequent amendment to the Charter can only be approved by the Board. The Board Charter would 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.





**CARLSBERG BREWERY MALAYSIA BERHAD  
BOARD CHARTER**

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

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.
5. Appointment of senior executive positions, including that of the Managing Director and Executive Directors of the Company and their duties and the continuation (or not) of their service.

**Remuneration**

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

**Operational**

1. Approval of business strategy and group operational plan and annual budget.
2. Ongoing review of performance against business strategy and group operational plan, including monitoring of key risks 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.



## **CARLSBERG BREWERY MALAYSIA BERHAD BOARD CHARTER**

7. Approval of changes in the major activities of the Company or Group.
8. Approval of treasury policies and bank mandate.
9. Approval of the Chart of Authority for the Company.

### **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. Approval of interim dividends, the recommendation of final dividends and the making of any other distribution.
5. Adoption of accounting policies.
6. Review the effectiveness of the Group's system of 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.
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 laws or the governing authorities.
11. Any other matters requiring the Board's approval under the Chart of Authority of the Company.



**CARLSBERG BREWERY MALAYSIA BERHAD  
BOARD CHARTER**

**APPENDIX B  
TERMS OF REFERENCE OF AUDIT COMMITTEE**

**1. TERMS OF MEMBERSHIP**

- 1.1 The Audit Committee shall be appointed by the Board from amongst their number and shall consist of not less than three (3) members, a majority of whom are independent. All members of the Audit Committee should be Non-Executive Directors.
- 1.2 The members of the Audit Committee shall elect a Chairman from amongst their number who shall be an Independent Non-Executive Director.
- 1.3 At least one (1) member of the Audit Committee must be or have the following :
- a. a member of the Malaysian Institute of Accountants; or
  - b. at least three (3) years' working experience and have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967 or be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
  - c. fulfills such other requirements as prescribed or approved by the Bursa Securities.
- 1.4 In the event of any vacancy in the Audit Committee, the Board shall within three (3) months of that event, appoint such new members to make up the minimum number of three (3) members.
- 1.5 No alternate director can be appointed as a new member of the Audit Committee.
- 1.6 The term of office and performance of the Audit Committee and each of its members shall be reviewed by the Board at least once in every three (3) years.

**2. AUTHORITY**

The Audit Committee is authorised by the Board to perform the following :

- 2.1 To investigate any matter within its terms of reference. It shall have full and unrestricted access to any information pertaining to the Group, both the internal and external auditors and to all employees of the Group. It shall have the resources required to perform its duties.



## CARLSBERG BREWERY MALAYSIA BERHAD BOARD CHARTER

- 2.2 To obtain external legal or other professional advice and secure the attendance of outsiders with relevant experience to attend, if necessary.
- 2.3 To promptly report to the Bursa Securities, any matter reported by it to the Board which has not been satisfactorily resolved resulting in a breach of the Bursa Listing Requirements.
- 2.4 The Head of Internal Audit shall report directly to the Audit Committee and shall have direct access to the Chairman of the Audit Committee on all matters of control and audit.

### 3. FUNCTIONS

The functions of the Audit Committee shall be :

- 3.1 to review the following and report the same to the Board of Directors :
  - a. with the external auditor, the audit plan;
  - b. with the external auditor, his evaluation of the system of internal controls;
  - c. with the external auditor, his audit report, including his management letter and management's response;
  - d. with the external auditor, any other matter he may wish to discuss (in the absence of management where necessary);
  - e. to consider the appointment of the external auditors, the audit fee and any question of resignation or dismissal;
  - f. the assistance given by the Company's officers to the external auditor;
  - g. to approve the Internal Audit Charter of internal audit function;
  - h. the adequacy of the scope, functions and resources of the internal audit function and to ensure internal audit has full and unrestricted access to all records, activities, property and personnel necessary to perform its duties;
  - i. the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
  - j. any appraisal or assessment of the performance of members of the internal audit function;
  - k. any appointment or termination of senior staff members of the internal audit function;
  - l. any resignations of internal audit staff members and provide the resigning staff



## **CARLSBERG BREWERY MALAYSIA BERHAD BOARD CHARTER**

- member an opportunity to submit his/her reasons for resigning;
- m. the quarterly results and year end financial statements of the Company and of the Group, prior to the approval by the Board, focusing particularly on :-
    - i. changes in or implementation of major accounting policy and practices;
    - ii. significant and unusual events;
    - iii. compliance with accounting standards and other legal requirements; (iv) significant adjustments arising from the audit;
    - iv. going concern assumption;
  - n. any related party transactions and/or 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;
  - o. any major findings of internal investigations and Management's response;
  - p. the quarterly reports relating to Risk Assessment and the effectiveness and appropriateness of the Risk Management Framework; and
- 3.2 to consider any other functions as may be agreed to by the Audit Committee and the Board of Directors.

### **4. MEETINGS**

- 4.1 Meetings shall be held not less than four (4) times a year.
- 4.2 The quorum for each meeting shall be two (2) Members of the Audit Committee.
- 4.3 The Managing Director, the Head of Internal Audit and the external auditor shall normally attend meetings. Other Board members and employees may attend meetings only upon the invitation of the Audit Committee.
- 4.4 At least twice a year, the Audit Committee shall meet with the external auditor without executive board members present. The external auditor may also request a meeting if they consider that one is necessary.
- 4.5 The Company Secretary shall be the Secretary of the Audit Committee.

### **5. REPORTING PROCEDURES**

The Secretary shall circulate the minutes of meetings of the Audit Committee to all members of the Board.



**CARLSBERG BREWERY MALAYSIA BERHAD  
BOARD CHARTER**

**APPENDIX C  
TERMS OF REFERENCE OF NOMINATION COMMITTEE**

**1. TERMS OF MEMBERSHIP**

The Nomination Committee shall be appointed by the Board of Directors and shall consist of not less than two (2) members comprising exclusively non-executive directors, the majority of whom shall be independent directors.

In the event of any vacancy in the Nomination Committee resulting in the non-compliance of the above, the Company must fill the vacancy within three (3) months.

The Board must review the term of office and performance of the Nomination Committee and each of its members at least once every three (3) years to determine whether such Nomination Committee and members have carried out their duties in accordance with their terms of reference.

**2. CHAIRMAN**

The Chairman shall be elected by the Nomination Committee from among their members.

**3. FUNCTIONS**

The Nomination Committee shall:-

- i. recommend to the Board, the candidates for all directorships. In making its recommendations, the nomination committee should consider the candidates’:-
  - skills, knowledge, expertise and experience;
  - professionalism;
  - integrity; and
  - in the case of candidates for the position of Independent Directors, the nomination committee should also evaluate the candidate’s ability to discharge such responsibilities/functions as expected from Independent Directors;



## **CARLSBERG BREWERY MALAYSIA BERHAD BOARD CHARTER**

- ii. consider, in making its recommendations, candidates for directorships proposed by the Managing Director and, within the bounds of practicability, by any other senior executive or any director or shareholder;
- iii. recommend to the Board, directors to fill the seats on board committees;
- iv. assess annually the effectiveness of the board as a whole, the committees of the board and the contribution of each existing individual director and thereafter, recommend its findings to the Board;
- v. ensure that all directors undergo appropriate induction programs and receive continuous training;
- vi. review annually the required mix of skills and experience and other qualities, including core competencies which non-executive directors should bring to the Board and thereafter, recommend its findings to the Board.
- vii. apply the process as determined by the Board, for assessing the effectiveness of the Board as a whole, the committees of the Board, and for assessing the contribution of each individual director, including Independent Directors, as well as the Managing Director where all assessments and evaluations carried out by the Nomination Committee in the discharge of all its functions should be properly documented.

#### **4. STRUCTURES AND PROCEDURES**

The Nomination Committee should meet regularly, with due notice of issues to be discussed and should record its conclusion in discharging its duties and responsibilities. The Nomination Committee should disclose the number of Nomination Committee meetings held in a year and the details of attendance of each individual member in respect of meetings held. The quorum shall be two (2) members with majority of independent directors.

The Nomination Committee should be entitled to the services of a secretary who must ensure that all appointments are properly made, that all necessary information is obtained from Directors, for the Company's own records and for the purposes of meeting statutory requirements, as well as obligations arising from the Bursa Listing Requirements and/or other regulatory authorities.



**CARLSBERG BREWERY MALAYSIA BERHAD  
BOARD CHARTER**

**5. ACCESS TO ADVICE**

In furtherance to their duties as the Nomination Committee's members of the Company, there should be an agreed procedure for the members, whether as a full Nomination Committee or in their individual capacity, to take independent professional advice at the Company's expense, if necessary.

\*\*\*\*\*





**CARLSBERG BREWERY MALAYSIA BERHAD  
BOARD CHARTER**

**APPENDIX D  
TERMS OF REFERENCE OF REMUNERATION COMMITTEE**

**1. TERMS OF MEMBERSHIP**

The Remuneration Committee shall be appointed by the Board and shall consist of not less than two (2) members comprising wholly or mainly non-executive directors.

In the event of any vacancy in the Remuneration Committee resulting in the non-compliance of the above, the Company must fill the vacancy within three (3) months.

The Board must review the term of office and performance of the Remuneration Committee and each of its members at least once every three (3) years to determine whether such Remuneration Committee and members have carried out their duties in accordance with their terms of reference.

**2. CHAIRMAN**

The Chairman shall be elected by the Remuneration Committee from among their members.

**3. FUNCTIONS**

The Remuneration Committee shall recommend to the Board, the remuneration of the executive directors in all its forms, drawing from outside advice as necessary and the executive directors shall play no part in decisions on their own remuneration.

Determination of remuneration packages of non-executive directors, including non-executive chairman, should be determined by the Board as a whole and the individuals concerned should abstain from discussing their own remuneration.

**6. STRUCTURES AND PROCEDURES**

The Remuneration Committee should meet regularly, with due notice of issues to be discussed and should record its conclusion in discharging its duties and responsibilities. The Remuneration Committee should disclose the number of Remuneration Committee meetings held in a year and the details of attendance of each individual member in respect of meetings held. The quorum shall be two (2)



**CARLSBERG BREWERY MALAYSIA BERHAD  
BOARD CHARTER**

members with majority of non-executive directors.

The Remuneration Committee should be entitled to the services of a secretary.

**7. ACCESS TO ADVICE**

In furtherance to their duties as the Remuneration Committee's members of the Company, there should be an agreed procedure for the members, whether as a full Remuneration Committee or in their individual capacity, to take independent professional advice at the Company's expense, if necessary.

\*\*\*\*\*