

Approved by the Board of Directors on 29 April 2014

**PJBUMI BERHAD (141537- M)
BOARD CHARTER**

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BOARD CHARTER

INTRODUCTION

The Board of PJBUMI Berhad (“Company”) has adopted this Board Charter to outline the manner in which its constitutional powers and responsibilities will be exercised and discharged, having regard to principles of good corporate governance, international best practice and applicable laws.

This Charter includes an overview of:

- Board composition and process;
- The relationship and interaction between the Board, the Chairman, the Chief Executive Officer (“CEO”) and Management; and
- The authority delegated by the Board to Management and Board Committees.

The Board Charter and the Charters adopted by the Board for its standing Committees have been prepared and adopted on the basis that strong corporate governance can add to the performance of the Company, create shareholder value and engender the confidence of the investment market.

The Board will review and assess the adequacy of this Charter and the Committee Charters at least annually and make any necessary or desirable amendments to ensure they remain consistent with the Board’s objectives, current law and best practice.

1. BOARD COMPOSITION

1.1 Board Composition and Size

The Board shall consist of qualified individuals with diverse set of skills, experience and knowledge necessary to govern the Company. The composition and size is such that it would facilitate effective decision-making process by the Board.

At any one time, at least two (2) Directors or one-third (1/3rd) of the Board, whichever is the higher are Independent Directors. If a vacancy in the Board results in a non-compliance with this required composition, the vacancy must be filled within three (3) months.

The Board together with the Nomination Committee will review the skills represented by Directors on the Board and determine whether the composition and mix of those skills remain appropriate for the Company's strategy.

1.2 Director Independence and Tenure

The Board will consider and conclude on the independence of its Non-Executive Directors each year. The result of this review will be minuted in the minutes of the relevant Board Meeting and disclosed in the Company's annual report. In this regard, each Non-Executive Director will provide the Board with all relevant information to enable the Board to make an assessment of that Director's independence.

The Board only considers Directors to be independent where they are independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to interfere with, the exercise of independent judgment or ability to act in the best interest of the Company. As a guideline for determining independence, the Board has taken into consideration the provisions under the Main Market Listing Requirements. Family ties and cross-relationships may be relevant in considering interest and relationship which may compromise independence and should be disclosed by the Directors to the Board.

The Board shall undertake an assessment of its independent directors annually and disclose that it has conducted such assessment in the annual report and in any notice convening a general meeting for the re-appointment and re-election of independent directors.

The tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, the Independent Director may continue to serve the Board subject to the Director's re-designation as a Non-Independent Director. The Board may seek the shareholders' approval in the event that it wishes to retain as an Independent Director, a person who has served in that capacity for nine (9) years or more, subject to strong justification on the extension is provided.

1.3 Appointment and re-election

The appointment of new director is a matter for consideration and decision by the Board, upon recommendation from the Nomination Committee (“NC”). In making the recommendation, the NC will consider the required skills, experience and diversity, including gender where appropriate, which the new director brings to the Board.

The Articles of Association of the Company provides that every newly appointed Director be subjected to re-election at the immediate Annual General Meeting (“AGM”). Further, one third (1/3rd) of the Board members shall retire from office and be eligible for re-election at every AGM, and all Directors shall submit themselves for re-election as least once in every three (3) years.

All new directors appointed to the Board shall receive a formal induction programme by the CEO and senior management.

2. BOARD ROLE AND RESPONSIBILITIES

2.1 Board Role

The Board’s role is set out below:-

- To represent and serve the interests of shareholders by overseeing and appraising the Company’s strategies, policies and performance. This includes overseeing the financial and human resources that the Company has in place to meet its objectives and reviewing management performance.
- To protect and optimize performance of the Company and build sustainable value for shareholders in accordance with any duties and obligations imposed on the Board by law and the Company’s Articles of Association and within a framework of prudent and effective controls that enable risk to be assessed and managed.
- To set, review and ensure compliance with the Company’s values and governance framework (including establishing and observing high ethical standards); and

- To ensure shareholders are kept informed of the Company's performance and major developments affecting its state of affairs.

2.2 Board key responsibilities

The responsibilities/functions of the Board include the following:-

- Select, appoint and evaluate from time to time the performance of, determine the remuneration of and planning the succession of the CEO;
- On recommendation to the CEO, select, appoint and review the performance of the Chief Financial Officer and other senior executives;
- Set the remuneration policy for the Company, within which the CEO has authority to operate, and approval of any remuneration arrangements which fall outside the scope of that remuneration policy;
- Contribute to and approve management development of corporate strategy, including setting performance objectives and approve operating budgets;
- Review, ratify and monitor systems of risk management and internal control and ethical and legal compliance. This includes reviewing procedures to identify the main risks associated with the Company's businesses and the implementation of appropriate systems to manage these risks;
- Monitor corporate performance and implementation of strategy and policy;
- Approve major capital expenditure, acquisition and divestment and monitor capital management;
- Monitor and review management processes aimed at ensuring the integrity of financial and other reporting;
- Develop and review corporate governance principles and policies; including code of ethics and conduct.

2.3 Formal Schedule of Matters

A formal schedule of matters is reserved for the Board's deliberation and decision-making to ensure that the direction and control of the Company are firmly vested in the Board. A formal schedule of matters would include, amongst others, the following:-

- Appointment of a Chairman;
- Appointment and removal of the CEO;
- Appointment and removal of the Chief Operating Officer and Chief Financial Officer;
- Appointment and removal of the Company Secretary;
- Appointment of Directors to fill a vacancy or as an additional Director;
- Establishment of Board Committees, their membership and delegated authorities;
- Appointment, re-appointment or removal of the Company's external auditors (on recommendation of the Audit Committee);
- Approval of dividend;
- Approval of quarterly and annual financial statements;
- Approval of strategic plan and budget, at least annually;
- Approval of significant changes to organizational structure;
- Approval of major capital expenditure, acquisition and divestment in excess of authority levels delegated to Management;
- Approval of major related party transactions;
- Approval of major financing facilities;
- Calling of meetings of shareholders;
- Determining the form and operation of the Company's various equity plans;
- Determining the Company's hedging policy;
- Approval of Limits of Authority of the Company; and
- Any Other Specific Matters nominated by the Board from time to time.

2.4 Directors' Ethics and Conduct

- Directors will act at all times with honesty and integrity and will observe the highest standard of ethical behaviour.
- Directors will ensure that no decision or action taken that has the effect of prioritizing their personal interests over the Company's interests.
- Directors are expected to declare their respective shareholdings, direct or indirect if any, in the Company and related companies.
- Directors are expected to declare their interest, direct or indirect, in contracts or proposed contracts with the Company or subsidiary companies. The Directors concerned are to abstain from deliberating and voting in respect of these transactions or in matters affecting their personal, business or professional interests.

- Directors will be expected to participate in all induction and orientation programs and any continuing education or training programs arranged for them.
- The Board shall assess the training needs of its members from time to time and shall ensure that they have access to appropriate continuing education programs to update their knowledge and enhance their skills to sustain active participation at Board deliberation.
- The Board collectively, and each Director individually, has the right to seek independent professional advice, subject to the approval of the Chairman, or the Board as a whole.
- The Directors shall devote time and effort to attend meetings and to know what is required of the Board and each of its members, and to discharge those functions effectively.
- Directors shall limit their directorship of companies to a number which they can sufficiently devote their time and maintain effectiveness. All Directors are to notify the Chairman of the Board prior to their accepting any new directorship. Likewise the Chairman shall also notify the Board if he has new directorship or significant commitment outside the Company.

3. DELEGATION OF DUTIES AND POWERS

3.1 Relationship with Management

- Directors may delegate their powers as they consider it appropriate. However, ultimate responsibility for strategy and control rests with the Directors.
- Management is accountable to the Board.
- Management must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively.
- Directors are entitled to request additional information at any time when they consider it appropriate.

3.2 Role of the CEO

- The management function is conducted by or under the supervision of the CEO as directed by the Board (and by other officers to whom the management function is properly delegated by the CEO).
- The CEO is responsible for implementing strategic objectives, plans and budgets as approved by the Board.

3.3 Delegation to Committees

- The Board from time to time establishes Committees to streamline the discharge of its responsibilities.
- Each standing Committee adopts a formal charter setting out the matters relevant to the composition, responsibilities and administration of the Committee.
- The Board may also delegate specific functions to ad hoc Committees on an 'as needs' basis.
- The powers delegated to these Committees as set out in Board resolutions.

4. BOARD PROCESS

4.1 Meetings

- The Board will meet regularly, at least four (4) times each year, and hold additional meetings as and when necessary.
- The Board will receive an agenda and relevant board papers within a reasonable timeframe prior to each meeting. The Board papers contain both quantitative and qualitative information to enable the Board to make informed decision at the meeting.
- Periodically, Non-Executive Directors will meet without the presence of Executive Director or Management.
- Directors will use all reasonable endeavour to attend Board meetings in person.
- The Company's Articles of Association govern the regulation of Board meetings and proceedings including the quorum for a Board meeting which is two (2) Directors.

4.2 The Chairman

- The Board will appoint one of its members to be Chairman.
- The Chairman represents the Board to the shareholders and communicates the Board's position.
- The Chairman will
 - chair meetings of the Board and Members, including Annual General Meeting;
 - ensure that the Board's decisions have been implemented;

- ensure that the Board fulfils its obligations under this Charter and as required under the relevant legislations;
- provide appropriate leadership to the Board and the Company;
- lead the Board to ensure it operates efficiently and effectively as a whole; and
- promote constructive and respectful relations between the Board and Management.

4.3 The Company Secretary

- The Board will appoint at least one (1) suitable qualified and competent Company Secretary.
- The Company Secretary is accountable to the Board.
- The Company Secretary is responsible for coordination of all Board business including agenda, board papers, minutes, communication with regulatory bodies and Bursa Malaysia Securities Berhad and all statutory and other filings.
- All Directors will have direct access to the Company Secretary.

4. Board Performance Assessment

- The Board recognizes that regular reviews of its effectiveness and performance are key to the improvement of governance of the Company. The Board will review and evaluate its own performance, the performance of its Committees and the performance of individual directors on an annual basis against both measurable and qualitative indicators.
- The Chairman and the Company Secretary will work together to ensure that the performance assessment of the Board, Board Committees and Individual Directors is formalized and a review is undertaken on an annual basis.