



QSR BRANDS (M) HOLDINGS BERHAD

(939235-W)

Board Charter

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1.0 INTRODUCTION

- 1.1 The Board of Directors (“The Board”) of QSR Brands Berhad (“QSR” or “the Company”) is committed to good corporate governance and ethical conduct as it is essential for delivering sustainable value, enhancing business integrity and maintaining stakeholders’ confidence towards achieving QSR’s corporate objectives. The Board has primary responsibility to the shareholders for the welfare of the Company and its subsidiaries.
- 1.2 The Board Charter is subjected to the rules and regulations applicable to QSR, including the Companies Act 2016 (CA 2016), Bursa Malaysia Main Board Listing Requirements (MMLR), Malaysian Code on Corporate Governance 2017 (“MCCG”) and any other applicable law or regulatory requirements.

2.0 PURPOSE

- 2.1 The role of the Board is to promote and protect the interests of the QSR Brands Group (“Group”) (i.e. the shareholders and stakeholders of each member of the Group).
- 2.2 The Board’s Governance Structure is as follows:



3.0 BOARD STRUCTURE AND COMPOSITION

- 3.1 The Constitution of QSR provides for a minimum of two (2) Directors and there shall be no maximum number of directors. This is stipulated in the Constitution.



- 3.2 At any one time, at least two (2) or the majority of the Board members shall be Independent Non-Executive Directors. The number is also subjected to regulatory requirements and other conditions stipulated under the International Franchising Agreements (“IFAs”).
- 3.3 Our current Board composition provides the appropriate balance in terms of skills, knowledge, and experience to promote the interests of all shareholders and to govern our Group effectively.
- 3.4 The tenure of an Independent Non-Executive Director should not exceed a cumulative term limit of nine (9) years. Upon completion of the nine (9) years, an Independent Non-Executive Director may continue to serve on the Board as a Non-Independent Non-Executive Director. If the Board intends to retain an Independent Non-Executive Director beyond nine (9) years, it shall justify and seek annual shareholders’ approval. If the Board continues to retain the Independent Non-Executive Director after the twelfth (12) years, the Board shall seek annual shareholders’ approval through a two-tier voting process. Under the two-tier voting process, shareholders’ votes will be cast in the following manner at the same shareholders’ meeting:
- Tier 1: Only the Large Shareholder(s) of the Company votes.
 - Tier 2: Shareholders other than Large Shareholder(s) votes.
- 3.5 Large Shareholder means a person who:
- is entitled to exercise, or control the exercise of, not less than 33% of the voting shares in the Company; or
 - is the largest shareholder of voting shares in the Company; or
 - has the power to appoint or cause to be appointed a majority of the Directors of the Company; or
 - has the power to make or cause to be made, decisions in respect of the business or administration of the Company, and to give effect to such decisions or cause them to be given effect to.

- 3.6 The decision for the resolution is determined based on the vote of Tier 1 and a simple majority of Tier 2. If there is more than one Large Shareholder, a simple majority of votes determine the outcome of the Tier 1 vote.
- 3.7 The resolution is deemed successful if both Tier 1 and Tier 2 votes support the resolution.
- 3.8 However, the resolution is deemed to be defeated where the vote between the two tiers differs or where Tier 1 voter(s) abstained from voting.
- 3.9 Members of the Board should possess the relevant knowledge, skills, competencies, functional and management experience, characteristics and mind-set to contribute effectively to the Board. The Board shall also regularly review its membership to ensure the Board remains relevant and should formalise its succession planning practices.

4.0 ROLES AND RESPONSIBILITIES OF THE BOARD

- 4.1 The Board is responsible for the governance and management of our Company. To ensure the effective discharge of its functions, our Board endeavors to follow the MCCG, and have set out the following responsibilities:
- i. to review, challenge and approve our annual corporate plan, which includes our overall corporate strategy, marketing plan, human resources plan, information technology plan, financial plan, budget, regulations plan and risk management plan;
 - ii. to oversee the conduct of our businesses and to determine whether the businesses are being properly managed;
 - iii. to review and identify new areas of improvements that promote high standards of corporate governance and compliance culture within the Company;
 - iv. to identify principal risks and ensuring the implementation of appropriate internal controls and mitigation risks to effectively monitor and manage these risks;
 - v. to review and realign key policies adopted in keeping abreast of new opportunities and potential challenges affecting the sustainability of the Company;
 - vi. to implement succession planning that involves appointing, training, fixing the remuneration of, and where appropriate, replacing key management;

- vii. to oversee the development and implementation of a shareholder communications policy for our Company; and
- viii. to review the adequacy and the integrity of our management information and internal controls systems, including systems for compliance with applicable laws, regulations, rules, directives, and guidelines (including Listing Requirements, securities laws and the Act) 203.

5.0 SEPARATION OF FUNCTIONS BETWEEN THE CHAIRMAN AND THE MANAGING DIRECTOR

- 5.1 The Group complies with the requirement to have the position of the Chairman and Managing Director held by two (2) separate individuals. The role of the Chairman and the Managing Director are distinct and separate to ensure there is a balance of power and authority.
- 5.2 The Company's Chairman who is a Non-Independent and Non-Executive Chairman, shall be responsible for the leadership, effectiveness, conduct and governance of the Board, while the Managing Director holds the principal responsibilities of reporting, clarifying, communicating and recommending key strategic and operational matters and proposals to the Board for approval as well as implementation of policies and strategies.

6.0 BOARD COMMITTEES

- 6.1 The Board may from time to time as it considers appropriate establish Committees to assist the Board in carrying out its duties and responsibilities. The Board delegates some of its powers and functions to the following Committees with specific terms of reference:
 - Nomination Committee ("NC")
 - Remuneration Committee ("RC")
 - Audit Committee ("AC")
 - Risk Management Committee ("RMC")
 - Shariah Advisory Council ("SAC")



- Board Tender Committee (“BTC”)

6.2 Nomination Committee (“NC”)

6.2.1 The NC shall have at least three (3) members, all of whom shall be non-executive directors with the majority being independent directors.

6.2.2 The NC primary responsibilities are:

- To determine the criteria for Board membership, including qualities, skills, experience, age, cultural background, education and gender and other factors that will best qualify a nominee to serve on the Board;
- To review annually the effectiveness of the Board and Board Committees, including engaging independent experts periodically to facilitate objective and candid Board evaluations, to ensure that the performance of each individual director is independently assessed; and
- To recommend to the Board with regards to the structure, size, balance and composition of the Board and Board Committees including the required mix of skills and experiences, competencies which the directors should bring to the Board and other qualities to function effectively and efficiently.

6.2.3 The NC Terms of Reference is made available on the Company’s website at <http://gsrbrands.com/>

6.3 Remuneration Committee (“RC”)

6.3.1 The Committee reviews and recommends the entire individual remuneration packages for each of the executive directors/senior management and, as appropriate, other senior executives, 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.

6.3.2 The RC primary responsibilities are:

- To establish and recommend the remuneration structure and policy for executive directors/senior management and to review for changes to the policy, as necessary;
- To establish and recommend the remuneration structure and incentives for Independent Directors and to ensure that the same does not conflict with their obligation to bring objectivity and independent judgment on matters discussed at board meetings; and
- 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 executive directors/senior management.

6.3.3 The RC Terms of Reference is made available on the Company's website at <http://qsrbrands.com/>.

6.4 Audit Committee ("AC")

6.4.1 The AC comprises at least three (3) members Non-Executive Directors with a majority of the members are Independent Directors.

6.4.2 The Chairman of the BAC and the Chairman of the Board are held by different individual.

6.4.3 The Committee assists the Board in fulfilling its oversight responsibilities within the term of reference as approved by the Board. Internal audit reports to the AC on quarterly basis. The reports are independent and focused on the state of internal control relating to key aspects of the relevant operating business units within the Group and the extent of compliance with the Group's policies and procedures especially on the respective statutory requirements.

6.4.4 The AC Terms of Reference is made available on the Company's website at <http://qsrbrands.com/>

6.5 Risk Management Committee (“RMC”)

6.5.1 The RMC comprises at least three (3) members Non-Executive Directors with a majority of the members are Independent Directors.

6.5.2 The Chairperson shall be elected from among the RMC members.

6.5.3 The Committee facilitates a culture of effective risk identification and management throughout the Group, provide leadership, direction and oversight of the Group’s management of risk, review the principal risks affecting the Group and the ways in which the risks are controlled and mitigated and to report any material areas of concern to the full Board.

6.5.4 The RMC Terms of Reference is made available on the Company’s website at <http://qsrbrands.com/>

6.6 Board Tender Committee (“BTC”)

6.6.1 The quorum for the BTC shall not be less than three (3) members.

6.6.2 The Chairman shall be a Non-Executive Director and does not possess casting vote.

6.6.3 The BTC assists the Board in fulfilling its statutory and fiduciary responsibilities in overseeing the tender and procurement process involving significant contracts awarded by the Company.

6.7 Shariah Advisory Council (“SAC”)

6.7.1 The quorum for the SAC meeting is five (5) comprising the Chairman, two (2) members from amongst the Shariah Advisors, the Secretary (1) and one (1) Management representative nominated by the Chairman.

6.7.2 The Council advises the Board and the Top Management on Shariah-related matters to ensure compliance with Halal certification requirements and other related Shariah rules and principles. It advises and provides guidance to the company in the formation of Shariah-related policies, guidelines and assists the company to uphold its image as a Shariah & halal compliant company.

6.7.3 The SAC Terms of Reference is made available on the Company's website at <http://gsrbrands.com/>.

6.8 The Chairman of the respective Committees shall report and update the Board on significant issues and concerns discussed and where appropriate, make the necessary recommendations to the Board.

7.0 BOARD MEETINGS

7.1 Frequency

The Board shall meet at least four (4) times in a financial year, with additional meetings to be convened as and when necessary.

7.2 Notice and Agenda

Notices and agenda of meetings duly endorsed by the Chairman together with the relevant Board papers shall be distributed at least five (5) working days prior to the Board meetings.

7.3 Quorum

The quorum for a Board shall be a minimum of five (5) Directors. In the absence of the Chairman, the members present shall elect a Chairman from amongst them to chair the meeting.

7.4 Meeting Mode

A meeting shall normally be conducted face-to-face to enable effective discussion.

7.5 Meeting Minutes

7.5.1 The minutes shall be action oriented and record the deliberations and decision of the Board.

7.5.2 Minutes shall be distributed to Board members and shall be approved by the Chairman of the meeting.

7.6 Secretary

The Secretary to the Board shall be the Group Secretary or a person recommended by the Group Secretary and approved by the Board.

8.0 DIRECTORS' REMUNERATION

8.1 The Company has in place policies and procedures regarding remuneration and aims to set remuneration at level which are sufficient to attract, motivate and retain the Directors needed to achieve the Company's long-term objectives, taking into consideration all relevant factors including the complexity of the Company's business and its performance, the skills and experience of the relevant Director and his or her responsibilities, contribution and commitment to the Company.

8.2 The Remuneration Policy is made available for reference on the Company's website at <http://qsrbrands.com/>.

9.0 BOARD REVIEW PROCESS

9.1 The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

- 9.2 The board should engage independent experts periodically to facilitate objective and candid board evaluations

10.0 DIRECTORS ORIENTATION AND CONTINUOUS EDUCATION TRAINING

- 10.1 In addition to the Mandatory Accreditation Programme as required by the Bursa Malaysia Securities Berhad (“Bursa Malaysia”) for newly appointed Director, the Directors shall continue to update their knowledge and enhance their skills through appropriate continuing education programmes and life-long learning. This will enable Directors to effectively discharge duties and sustain active participation in the Board deliberations.
- 10.2 Company Secretary shall assist the Board by proposing internal or external training, seminar, workshop and briefing to the Board.

11.0 GROUP SECRETARY

- 11.1 The Company Secretary plays an important advisory role and is a source of information and advice to the Board and Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company and Group.
- 11.2 The Board has unrestricted access to the advice and services of Company Secretaries and where necessary, in the furtherance of their duties, obtain independent professional advice with the Company paying the related costs.
- 11.3 The Company Secretaries ensure that all Board meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are recorded and maintained in the statutory register of the Company.
- 11.4 The Company Secretaries also keep abreast of the evolving capital market environment, regulatory changes and developments in Corporate Governance through continuous training.

12.0 GENERAL MEETING

12.1 All Directors and the Chairs of Board Committees must attend General Meetings to allow shareholders to raise questions and receive meaningful response to questions raised by them.

13.0 INVESTOR RELATIONS AND SHAREHOLDERS COMMUNICATION

13.1 The Board acknowledges the importance of having ongoing communication and engagement with shareholders and for all shareholders to have access to high quality information relating all material business matters affecting the Company.

13.2 The Board believes that management speaks for the Group. In this instance, the Group has adopted a Corporate Disclosure Policy to meet or otherwise communicate with various constituencies that are involved with the Group. The Policy is made available for reference on the Company's website at <http://qsrbrands.com/>.

13.3 The Company shall ensure the timely disclosure of all material or mandatory announcements and financial results as prescribed by laws and regulations. Material information includes material development or issues relating to performance and operations, corporate structure or strategy.

13.4 Communications with shareholders are also facilitated via the following channels:

- Annual Report;
- Annual General Meeting (AGM);
- Extraordinary General Meetings (EGM) will be held as and when required;
- Press conferences and media briefings;
- Participation in institutional investors' forums both locally and overseas; and
- The Company's website at <http://qsrbrands.com/>

14.0 STAKEHOLDERS' COMMUNICATION

14.1 The board shall ensure effective, transparent and regular communication with its stakeholders to facilitate mutual understanding of each other's objectives and expectations. Dissemination of information includes the distribution of annual reports and relevant circulars to shareholders, issuance of press releases, announcing the quarterly financial results and performance of the Group to Bursa Malaysia Securities Berhad and the public as well as holding press conferences.

15.0 CODE OF CONDUCT AND ETHICS

15.1 The Board shall formalize and maintain a set of ethical standards of behavior expected of all Directors, Management, employees and, where applicable, counterparts and business partners through the Group's Code of Business Conduct and together with Management implement its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption and money laundering.

15.2 The Code of Conduct and ethics is made available for reference on the Company's website at <http://qsrbrands.com/>

16.0 WHISTLEBLOWING POLICY

16.1 This policy is to provide a channel for all employees of QSR Brands Group and members of the public to disclose any improper conduct in accordance with the procedures as provided for under this policy and to provide protection for employees and members of the public who report such allegations.

16.2 The Whistleblowing Policy is made available for reference on the Company's website at <http://qsrbrands.com/>

17.0 GIFT AND HOSPITALITY POLICY

17.1 As part of the preventive anti-corruption measure, the Company has implemented the Gift and Hospitality Policy applicable to all Company's employees. The prohibition covers activities and dealings involving the Company. The policy is put into effect to avoid any conflict of interest and to be in compliant with the Malaysian laws and regulations with regards to bribery, corruption and other corruptive practices.

18.0 REVIEW OF THE BOARD CHARTER

18.1 This charter and the Terms of Reference of each Committee established by the Board shall be periodically reviewed and updated by the Board taking into consideration the needs of the Group as well as any development in rules and regulations that may have an impact on the discharge of the Board's duties and responsibilities.

18.2 The Board Charter is made available for reference on the Company's website at <http://qsrbrands.com/>.