



# **ABM FUJIYA BERHAD**

(Company No. 628324 - W)  
(Incorporated in Malaysia)

## **Board Charter**



# ABM FUJIYA BERHAD (628324-W)

## 1. Introduction

The Board Charter is a written policy document that clearly defines the respective roles, responsibilities and authorities of the Board of Directors (“Board”) and Management in ensuring achievement of good corporate governance and compliance with various legislations and regulations when setting the direction, management and the control of the Company.

## 2. Purpose

This Board Charter as the top level policy serves the following important functions:

- ❖ As a source reference and reminder for the Board of the legal framework which include the principal role, functions, responsibilities and power within which it operates
- ❖ Assist the Company’s leadership in delivering good corporate governance
- ❖ Enhance coordination and communication between the Board and Management
- ❖ Ensures both the Board and Management to continuously improve their governance processes for the benefit of the Company
- ❖ Assist the Board in assessing its performance and serve as a development technique for clarify roles and expectations

## 3. Composition of the Board and Board Committees

Every board should examine its size and number of directors in order for the effective discharge of the roles and responsibilities of the board for the benefit of the company and its business. There is no prescription for a board’s optimum size.

- 3.1 Pursuant to the Articles of Association of the Company<sup>1</sup>, the Board shall comprise of not less than two (2) and not more than fifteen (15) Directors.
- 3.2 In compliance with the Recommendation of the Code and the Main Marketing Listing Requirement (“MMLR”)<sup>2</sup> at least one-third (1/3) of Board members to be Independent Directors. However, the Board must comprise a majority of Independent Directors where the Chairman of the Board is not an Independent Director to ensure balance of power and authority of the Board.

The Board gives close consideration to its size, composition and spread of experience and expertise that enables the Board to provide effective leadership as well as independent judgment on business decisions, taking into account long term interests of shareholders, customers, suppliers and other business associates with whom the Group conducts its business.

<sup>1</sup> Article 85 of the Company’s Articles of Association (“Articles”)

<sup>2</sup> Paragraph 15.02 (3) of the MMLR

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### 4. Board Committees

As part of its efforts to ensure the effective discharge of its duties, the Board has delegated certain functions to the following Board Committees and the composition is as follows:-

| Board Committee        | Functions  | Authority  | Composition  |
|------------------------|--|--|--|
| Audit Committee (“AC”) | <p>The Committee shall review the following and report the same to the Board:</p> <ul style="list-style-type: none"> <li>• With the external auditors, the audit plans, the scope of audit and the audit report;</li> <li>• The assistance given by the Group’s and the Company’s employees to the internal and external auditors;</li> <li>• The adequacy of the scope, functions and resources of the internal audit function and whether appropriate actions have been taken with respect to internal audit recommendations;</li> <li>• The quarterly results and year-end financial statements, prior to the approval by the Board of Directors, focusing particularly on: <ul style="list-style-type: none"> <li>(i) Changes in or implementation of major accounting policy;</li> <li>(ii) Significant and unusual events; and</li> <li>(iii) Compliance with accounting standards and other legal requirements.</li> </ul> </li> <li>• Any related party transactions and conflict of interest situation that may arise within the Group and the Company including any transaction, procedure or course of conduct that raises questions of management integrity;</li> <li>• The appointment or dismissal of the external auditors and their fees;</li> <li>• Recommendation of the nomination of a person or persons as external auditors;</li> <li>• Any letter of resignation from the external auditors of the Company; and whether there is reason (supported by grounds) to believe that the external auditors of the Group and the Company are not suitable for re-appointment; and</li> <li>• To perform other related duties as may be agreed by the Committee and the Board.</li> </ul> | <p>The Committee is authorised by the Board to:</p> <ul style="list-style-type: none"> <li>• Investigate any matter within its term of reference;</li> <li>• Have full and unrestricted access to any information pertaining to the Company and its subsidiaries;</li> <li>• Have the resources which are required to perform its duties;</li> <li>• Have direct communication channels with the internal and external auditors;</li> <li>• Be able to obtain independent professional advice; and</li> <li>• Be able to convene meetings with external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.</li> </ul> | <ul style="list-style-type: none"> <li>• Not less than three (3) Non-Executive Directors with majority of them being Independent Directors</li> <li>• At least one (1) member of the Committee must be a member of the Malaysian Institute of Accountants; or</li> <li>• Must have at least three (3) years’ working experience and <ul style="list-style-type: none"> <li>(i) must have passed the examinations specified in Part I of the 1<sup>st</sup> Schedule of the Accountants Act, 1967 or</li> <li>(ii) must be a member of one of the associations of accountants specified in Part II of the 1<sup>st</sup> Schedule of the Accountants Act 1967.</li> </ul> </li> </ul> |

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### 4. Board Committees (Contd)

As part of its efforts to ensure the effective discharge of its duties, the Board has delegated certain functions to the following Board Committees and the composition is as follows:-

| Board Committee             | Functions   | Authority  | Composition  |
|-----------------------------|---|--|--|
| Nominating Committee (“NC”) | <p>The Committee shall review the following and report the same to the Board:</p> <ul style="list-style-type: none"> <li>To consider and recommend to the Board, candidates to fill the seats on Board Committees and the Board taking into consideration the candidates’ skills, knowledge, expertise and experience, professionalism, integrity. In the case of candidates for the position of independent non-executive directors, the Nominating Committee should also evaluate the candidates’ ability to discharge such responsibilities/functions as expected from independent non-executive directors;</li> <li>To consider, in making its recommendation, candidates proposed by the CEO and within the bounds of practicality, by any senior management or any director or shareholder;</li> <li>Assist the Board in an annual review of the required mix of skills and experience and other qualities including core competencies which non-executive directors should bring to the board; and</li> <li>Annually assess the effectiveness of the board as a whole, the board committees and the contribution of each individual director, including independent non-executive directors and CEO. All assessments and evaluations carried out by the Nominating Committee in the discharge of all its functions should be properly documented.</li> </ul> | <p>The Committee is authorized by the Board to:</p> <ul style="list-style-type: none"> <li>Assess the desirable Board structure and size and the balance of appointments between Executive Directors and Non-Executive Directors;</li> <li>Review the adequacy of committee structures of Board Committees;</li> <li>Recommend individuals for nomination as members of the board by assessing the desirability of renewing existing directorships. Due consideration should be given to the extent to which the interplay of the Director’s expertise, skills, knowledge and experience was demonstrated with those of other board members;</li> <li>Facilitate the annual board effectiveness assessment, through the board and directors’ self-evaluation forms.</li> <li>Periodically reporting to the board on succession planning for the board chairman and CEO. The board should work with the Nominating Committee to evaluate potential successors.</li> </ul> | <ul style="list-style-type: none"> <li>The Nominating Committee shall be appointed by the Board from amongst the directors and shall comprise wholly non-executive directors and a majority of whom are independent.</li> <li>The Chairman shall be an independent non-executive director appointed by the Board and in his absence, members present may elect another independent non-executive director to chair the meeting.</li> </ul> |

**4. Board Committees (Contd)**

As part of its efforts to ensure the effective discharge of its duties, the Board has delegated certain functions to the following Board Committees and the composition is as follows:-

| <b>Board Committee</b>        | <b>Functions</b>  | <b>Authority</b>   | <b>Composition</b>   |
|-------------------------------|---|--|--|
| Remuneration Committee (“RC”) | <p>The Committee shall review the following and report the same to the Board:</p> <ul style="list-style-type: none"> <li>• to make recommendations to the Board on the policy and structure of the Company for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;</li> <li>• to determine the specific remuneration packages of all executive directors and senior management, including, without limitation, base salaries, deferred compensation, stock options and any benefits in kind, pension rights and incentive payments and any compensation payable for loss or termination of their office or appointment, and to make recommendation to the Board on the remuneration of non-executive directors. The Remuneration Committee should consider factors such as salaries paid by comparable companies, time commitment, responsibilities of the directors and employment conditions elsewhere in the group and in the market and desirability of performance-based remuneration;</li> <li>• to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;</li> <li>• to review and approve the compensation payable to executive directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company;</li> </ul> | <p>The Committee is authorized by the Board to:</p> <ul style="list-style-type: none"> <li>• The Remuneration Committee shall report directly to the Board and shall, where appropriate, consult the Chairman of the Board and/or Chief Executive Officer about their proposals relating to the remuneration of other executive directors and senior management unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).</li> <li>• The Remuneration Committee is authorised to obtain external professional advice if it considers necessary.</li> <li>• The Remuneration Committee shall be provided with sufficient resources to discharge its duties</li> </ul> | <ul style="list-style-type: none"> <li>• The Remuneration Committee shall be appointed by the Board from amongst the directors and shall consist of a majority of independent non-executive directors.</li> <li>• The Chairman shall be an independent non-executive director appointed by the Board and in his absence, members present may elect another independent non-executive director to chair the meeting.</li> </ul> |

#### 4. Board Committees (Contd)

As part of its efforts to ensure the effective discharge of its duties, the Board has delegated certain functions to the following Board Committees and the composition is as follows:-

| <b>Board Committee</b>        | <b>Functions</b>  | <b>Authority</b> | <b>Composition</b> |
|-------------------------------|---|------------------|--------------------|
| Remuneration Committee (“RC”) | <p>The Committee shall review the following and report the same to the Board:</p> <ul style="list-style-type: none"> <li>to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate;</li> <li>to ensure that no director or any of his associates is involved in determining his own remuneration.</li> </ul> |                  |                    |

All Board Committees consist of members who are exclusively Independent and Non-Executive Directors.

In addition, from time to time the Board reviews the functions and terms of reference of Board Committees to ensure that they are relevant and updated in line with the latest provision of the Code 2012 and other related policies or regulatory requirements.

The Chairman of the respective Board Committees report to the Board on the outcome of Board Committee meetings which require the Board’s attention and direction and the Board also reviews the minutes of the Board Committee meetings.

#### 5. Company Secretary

The Board is supported by the Company Secretary who facilitates overall compliance with the MMLR and Companies Act, 1965 and other relevant laws and regulations.

The Company Secretary who is qualified, has the relevant working experience and competent on statutory and regulatory requirements, briefs the Board on the necessary contents and timing of material announcements to be made to regulators. The removal of the Company Secretary, if any, is the matter for the Board as a whole to make decision.

The Company Secretary attends all Board and Board Committee meetings and ensures that there is a quorum for all the meetings. She is also responsible for ensuring that all the meetings are convened in accordance with the Board procedures and relevant terms of references.

The minutes of the meetings are prepared to include amongst others, pertinent issues, substance of enquires and responses, recommendations and decisions made by the Directors. The minutes of the meetings are properly kept in line with the relevant statutory requirements of the Companies Act, 1965.



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### **6. Board Responsibilities**

The functions and responsibilities of the Board includes the following six (6) specific responsibilities, which facilitate the discharge of the Board's responsibilities in the best interest of the Company:-

- (i) Adopting and reviewing a strategic plan for the Company;
- (ii) Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed and sustained;
- (iii) Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- (iv) Succession planning, including appointing, training, fixing the remuneration of senior management of the Company;
- (v) Developing and implementing an investor relations programme or shareholder communications policy for the Company; and
- (vi) Reviewing the adequacy and integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

### **7. Supervision of Financial Reporting**

The Directors are required for ensuring that the audited financial statements of the Group and the Company are prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia and the MMLR<sup>3</sup> of Bursa Malaysia.

In preparing the Group and the Company's financial statements, the Directors have:

- adopted suitable accounting policies and applied them consistently;
- made judgements and estimates that are prudent and reasonable;
- ensured applicable accounting standards have been followed; and
- prepared the financial statements on an on-going basis.

The Directors also responsible to safeguard the assets of the Group and the Company, to prevent and to detect fraud and other irregularities.

### **8. Division of roles and responsibilities between the Executive Chairman and the Managing Director**

The Group practices a division of responsibility between the Chairman and the Managing Director and there is a balance of executive and independent non-executive Directors. The roles of the Chairman and Managing Director are separate and clearly defined responsibilities, and are held individually by two persons.

The Chairman's main responsibility is to ensure effective conduct of the Board and that all Directors, both Executive and Non-Executive, have unrestricted and timely access to all relevant information necessary for informed decision-making. The Chairman encourages participation and deliberation by all Board members to enable the knowledge of all the Board members to be tapped and to promote consensus building as much as possible.

<sup>3</sup> Paragraph 15.26(a) of the MMLR



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### **8. Division of roles and responsibilities between the Executive Chairman and the Managing Director (continued)**

The Managing Director has overall responsibilities over the Group's operational and business units, organisational effectiveness and implementation of Board policies, directives, strategies and decisions. In addition, the Managing Director also functions as the intermediary between the Board and Management.

### **9. Board Meetings**

The Board meets at least four times a year, with additional meetings convened as and when the Board's approval and guidance are required. Upon consultation with the Chairman and the Managing Director, due notice shall be given of proposed dates of meetings during the financial year and standard agenda and matters to be tabled to the Board. Meetings are set before the beginning of the year to allow Directors to plan ahead and to maximize their participation.

Prior to the Board meetings, the Company Secretary will furnish a notice together with an agenda to the Directors to allow them to have adequate preparation time to ensure effectiveness at the proceedings of the meeting. The Company Secretary will ensure Board's proceedings are followed regularly and reviewed and will also provide guidance to the Board on director's obligation arising from the rules and regulations including the Code and the Main Market Listing Requirements ("MMLR") of Bursa Malaysia.

Technology and information technology are effectively used in Board meetings and communications with the Board, where Directors may participate in meetings by audio or video conference, and Board materials are shared electronically.

### **10. Access to Information and Advices**

The Company Secretary will circulate Board meeting papers including Quarterly and Annual "year-to-date" Financial Statement, Minutes of Past Meetings, updates by Regulatory Authorities, Internal and External Auditors' Report.

The Board has full access to the Company Secretary, all information including the advice and services of the Company Secretary in furtherance of their duties. Non-Executive Directors also have the same right of access to all data including seeking independent professional advice as and when required at the Company's expenses.

### **11. Training and Development of Directors**

The NC and the Board assess the training needs of each of its Directors on an on-going basis, by determining areas that would best strengthen their contributions to the Board.

All Directors have completed the Mandatory Accreditation Programme ("MAP") required under the MMLR. They are also mindful that training is essential to all Directors and they should continue to update their skills and knowledge to effectively execute their duties.

### **12. Timely and High Quality Disclosures**

The Board has also established and adopted the Corporate Disclosure Policy which includes feedback from management as recommended by the Code and the policies and procedures therein have been formulated with reference to the Best Practices published in the Corporate Disclosure Guide issued by Bursa Malaysia.



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### **12. Timely and High Quality Disclosures (continued)**

As recommended by the Code, the Company will seek to leverage on the latest and most innovative information technology available to promote more efficient and effective ways to communicate with both its shareholders and stakeholders. The Company's Annual Reports, announcements to Bursa Malaysia, media releases and presentations relating to its quarterly financial results has been made available on the Company's website.

Various contact details are provided on the Company's website to address queries from customers, shareholders and other public.

### **13. Relationship with Shareholders**

#### **Shareholders and Investor Relations**

The Board believes that the Group should at all times be transparent and accountable to its shareholders and investors and the Board is proactive in evaluating the effectiveness of information dissemination to all shareholders and the wider investing community.

As such, the Board disseminates proper, timely and adequate relevant information to the shareholders through announcements, quarterly results, Annual Reports and press releases.

An online Investor Relations section, which can be accessed by shareholders and the general public via the Company's website at [www.abmfujiya.com](http://www.abmfujiya.com).

#### **Annual General Meeting ("AGM")**

The AGM is the principal forum for dialogue with all shareholders who are encouraged and given sufficient opportunity to enquire about the Group's activities and prospects as well as to communicate their expectations and concerns. Shareholders who are unable to attend are allowed to appoint proxies in accordance with the Company's Articles to attend and vote on their behalf. The Chairman and Board members are in attendance to provide clarification on shareholders' queries.

Announcements are made on a timely manner to Bursa Malaysia and are made available electronically to the public via Bursa Malaysia's website at [www.bursamalaysia.com](http://www.bursamalaysia.com) as well as the Company's website at [www.abmfujiya.com](http://www.abmfujiya.com)

Investors are welcome to forward their queries to the Company via email to [admin@abmfujiya.com.my](mailto:admin@abmfujiya.com.my) at any time throughout the year and not only during the AGM.

#### **Whistle-Blowing**

In light of the requirements stipulated under the Capital Markets and Services Act 2007, the Bursa Malaysia' Corporate Governance Guide and the Companies Act, 1965, the Board recognises the importance of whistle-blowing and is committed to maintaining the highest standards of ethical conduct within the Group.

### **14. Approval and Review of the Board Charter**

This charter will be reviewed by the Board as and when required and will be recommended to the Board for approval on revisions should there is any.