



**BOARD CHARTER**

## **1.0 FOREWORD**

- 1.1 The purpose of this Board Charter is to ensure that all Board members are aware of their duties and responsibilities as Directors of FSBM Holdings Berhad (“FSBM” or “the Company”).
- 1.2 This Board Charter is a source reference and primary induction literature, providing insights to prospective Board Members and Senior Management. It will also assist the Board in the assessment of its own performance and that of its individual Directors.
- 1.3 It is imperative to note that this Board Charter does not invalidate the existing frameworks and practices within FSBM, but that it encapsulates them. This Board Charter does not over-rule or pre-empt the statutory requirements of Directors enshrined in the Companies Act 2016, Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad Malaysia (“Bursa Malaysia”), Malaysia Code on Corporate Governance, Corporate Disclosure Guide, Statement on Risk Management and Internal Control, and other relevant notes, guidance, statutes and equivalents issued by regulators including the conduct of the Board stipulated in the Articles of Association (Constitution) of the Company.

## **2.0 BOARD MEMBERSHIP**

### **2.1 Composition of the Board**

- 2.1.1 The Board shall consist of qualified individuals with diverse professional background, skills, extensive experience and knowledge necessary to govern the Company and Group.
- 2.1.2 The Board is expected to bring informed and independent judgement to the the Company and Group’s strategy and performance, so as to ensure that the highest standards of conduct and integrity are maintained.
- 2.1.3 The appointment of a new Director is a matter for consideration and decision by the Board, upon the recommendation from the Nomination Committee. In making these recommendations, the Nomination Committee will consider the required mix of skills, experiences, knowledge and diversity, including gender, where appropriate, which the potential candidate would bring to the Board.
- 2.1.4 Generally, the qualifications for Board membership are:
- the experience and background that is relevant to the market that FSBM is currently in or intending to pursue.
  - the ability and intelligence to make sensible business decisions and recommendations.
  - the astute operational and business senses in evaluating business activities, being able to ask questions and engage with Management.

- high ethical values, being able to make decisions with integrity.
- strong commitment to furthering and protecting the interests of shareholders, and the achievement of the Company's goals.
- ability to work with the other Board members constructively and harmoniously through collegial, productive working relationships that foster trust and respect.

2.1.5 In accordance with the MMLR of Bursa Malaysia, the Company must ensure that at least two (2) or one third (1/3) of the Board, whichever is the higher, are Independent Directors. The Independent Directors provide independent judgement, experience and objectivity without being subordinated to operational considerations.

2.1.6 The Board shall appoint a Senior Independent Director who will also attend to any query or concern raised by the shareholders.

2.1.7 The positions of Chairman of the Board and Managing Director should be held by different individuals, and the Chairman must be an Independent Non-Executive member of the Board. If the position of Chairman of the Board and Managing Director are held by the same person, the Company shall provide an explanation and justification in the Annual Report of the Company.

2.1.8 The Board through its Nomination Committee shall take steps to ensure that woman candidates are sought and endeavour to achieve a 30% membership in the Board.

2.1.9 The composition and size of the Board shall be assessed and reviewed from time to time to ensure its appropriateness vis-à-vis the needs of the Company and the Group as well as the requirements set out in the relevant law(s), regulation(s) and code(s).

## 2.2 Tenure of Directors

2.2.1 The Constitution of the Company provides that every newly appointed Director be subjected to re-election at the Company's next Annual General Meeting ("AGM") subsequent to their appointment. Further, (1/3) one third of the Board shall retire from office and be eligible for re-election at every AGM, and all Directors shall submit themselves for re-election at least every three (3) years.

2.2.2 The Independent Directors whose tenure exceeds a cumulative term of nine (9) years may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director. The Board must justify and seek the shareholders' approval through a Two-tier Voting Process in the event it retains as an Independent Director, a person who has served in that capacity for more than nine (9) years.

**3.0 DUTIES AND RESPONSIBILITIES OF THE BOARD**

## 3.1 The Board's duties and responsibilities include the following:

- formulate, review and adopt strategic plans and determine the direction, financial objectives and significant policies for the Company and Group;
- monitor and guide the implementation of the strategy and the achievement of objectives;
- oversee the conduct of the business of the Company to evaluate whether the business is being properly managed;
- ensure there are adequate resources to meet the Company's and Group's strategic goals and objectives;
- to receive reports and recommendations from all Board Committees and Management, and ensure timely implementation of all approved recommendations;
- review and approve the Group's quarterly and annual results;
- review and approve new investment and business proposals;
- review management/performance of the Company's business activities and that of its subsidiaries and associate companies;
- review and approve corporate exercises, corporate plans and annual budgets;
- review and approve mergers, acquisitions and disposals;
- review and approve material agreements, major capital expenditures and long term plans;
- discuss, deliberate and approve changes to management and control structure of the Company and Group, including key policies, procedures and authority limits.
- ensure the risk management framework is operating effectively, and to oversee the adequacy and the integrity of the Company and Group's internal control systems in addressing risks, and in complying with applicable laws, regulations, rules, directives and guidelines;
- oversee the business conduct and code of ethics of the Group to ensure a high standard of corporate governance and social responsibility;
- evaluate performance of the Board, its Committees, individual Directors and Management; set their remuneration; and assess Directors' training needs.
- responsible for the governance of sustainability in the Group and the Company;
- responsible for succession planning; and

- develop and implement an investor relations programme or corporate disclosure policy for the Company; and report to shareholders and ensure accountability to all stakeholders.

### 3.2 Position description

#### 3.2.1 Chairman

The responsibilities of the Chairman include:

- (a) Lead the Board and ensuring efficient organisation and conduct of the Board's function;
- (b) Ensure positive culture and good corporate governance are practised within the Board, the Company and Group;
- (c) Promote constructive relationships between Directors, and between the Board and Management;
- (d) Be the primary point of contact between the Board members and the Managing Director and providing support, advice and counsel to the Managing Director and Board members;
- (e) Lead the performance evaluation of the Board, its committees and of individual Directors; and counseling Board members on areas requiring improvement;
- (f) Lead and chair the Board meetings and acting as facilitator to ensure that no Directors dominate discussion, that appropriate discussion takes place and relevant opinion among directors is forthcoming;
- (g) Lead and chair general meetings of shareholders and ensuring open communication between shareholders and the Board members; and
- (h) Represent the Board in communicating with relevant stakeholders on significant issues; ensuring appropriate steps are taken to provide effective communication with shareholders and stakeholders and that their views are communicated to the Board as a whole.

#### 3.2.2 Managing Director

The responsibilities of the Managing Director include:

- (a) Manage the Company and Group's operation and resources.
- (b) Propose strategic plans/business plans/proposals for adoption by the Board.
- (c) Ensure that Board's decisions are implemented.
- (d) Ensure the Company and Group's vision, management philosophy and business strategy are effectively understood and applied by Management and employees.

- (e) Provide strong leadership to lead the Management Team.
- (f) Ensure the establishment of a clear management structure with appropriately delegated responsibilities.

### 3.2.3 Executive Director

The Executive Director is responsible for the day-to-day activities of the Company and Group's business units and organisational effectiveness.

### 3.2.4 Independent Non-Executive Director

The Independent Non-Executive Director should:

- a) provide and enhance the necessary independent judgement and objectivity to the Board, and ensure effective checks and balances on the Board;
- b) constructively challenge and contribute to the development of business strategy and direction of the Company;
- c) ensure the interest of the shareholders are taken into account by the Board in its decision-making.

### 3.2.5 Non-Independent Non-Executive Director

The Non-Independent Non-Executive Director should constructively challenge and contribute to the development of business strategy and direction of the Company.

## 3.3 Key Matters Reserved for Board

### 3.3.1 The Board reserves full decision-making powers on the key matters reserved for Board's approval, including but not limited to the following matters:

- i. Approval of strategic goals, strategic direction and significant policies;
- ii. Approval of corporate plan and programmes;
- iii. Approval of key operational initiatives, major investments, major acquisition and disposals, new businesses, material agreements, corporate proposals, major capital expenditures, annual budgets and funding decisions;
- iv. Approval of annual and quarterly financial results;
- v. Authority levels;
- vi. Appointment and succession planning for Board, Managing Director and Senior Management; and
- vii. Approval of Board and Senior Management remuneration policies.

### 3.4 Each Director has a legal duty to act in the best interest of the Company. The Directors, collectively and individually, are aware of their responsibilities to the shareholders and stakeholders for the manner in which the affairs of the Company and Group are managed.

- 3.5 When buying or selling shares of the Company, Directors must strictly observe the rules of Bursa Malaysia on prohibitions on dealings in shares by Directors and Senior Management and persons connected and all relevant legislative or regulatory procedures, and should follow any procedural recommendations prescribed from time to time by Bursa Malaysia.
- 3.6 The Board will, each year, evaluate its own role, authority and priorities.
- 3.7 The Board will also conduct an assessment of its Independent Directors annually.
- 3.8 Each Director must not hold more than five (5) directorships in listed companies.

#### **4.0 BOARD COMMITTEES**

- 4.1 The Board may from time to time establish Committees as is considered appropriate to assist the Board in carrying out its duties and responsibilities. The Board delegates certain functions to the following Committees to assist in the execution its duties and responsibilities:

- 1) Audit Committee;
- 2) Nomination Committee;
- 3) Remuneration Committee
- 4) Risk Monitoring Committee; and
- 5) Executive Council (Exco) Committee.

- 4.2 The Committees shall operate under clearly defined Terms of Reference and scope of work except for the Exco which was established to formalize the decision making process for managing the Company's regular business activities. The Committees are authorised by the Board to deal with and deliberate on matters delegated to them within their Terms of Reference. The Chairman of the respective Committees reports to the Board on the outcome of the Committee meetings.

#### **5.0 BOARD MEETINGS**

- 5.1 The Board shall conduct at least five (5) scheduled meetings annually, with additional meetings to be convened as and when necessary. Meetings of the Board shall be called by the Company Secretary at the request of the Chairman or any of the Directors.
- 5.2 Notice of the meeting confirming the venue, time and date, together with an agenda on the items to be discussed, shall be forwarded to each Member of the Board prior to the meeting. Where applicable, the relevant meeting papers on the subject matters to be discussed will also be circulated to Directors prior to the meeting. The Board is also able to obtain further clarification from Management and the Company Secretary, should such a need arise to enable it to discharge its responsibilities.
- 5.3 The quorum of the meetings shall be met pursuant to the Constitution of the Company.

- 5.4 The meeting shall be chaired by the Board Chairman. In the absence of the Board Chairman, the Directors present shall choose one (1) of their number to chair the meeting.
- 5.5 The board meetings shall be conducted pursuant to the Constitution of the Company, the Companies Act, relevant laws, guidelines and best governance practices.
- 5.6 The participation of the Director can be facilitated by means of video or telephone conferencing or by means of other communication equipment or electronic means which enable all persons participating at the meeting to hear and/or see each other for the entire duration of the meeting in which event such Director shall be deemed to be physically present at the meeting.
- 5.7 The Board may invite the Head of the respective division units, management personnel and where necessary external professionals or consultants to attend the Board meetings.
- 5.8 Individual Directors must attend at least 50% of the Board meetings held in each financial year or such other percentage as may be prescribed by the MMLR of Bursa Malaysia.
- 5.9 The Board is also allowed to approve resolutions by way of circulation.

## **6.0 DIRECTORS' REMUNERATION**

- 6.1 The Remuneration Committee is responsible for recommending to the Board on the remuneration framework and packages of all Directors.
- 6.2 The Board shall be guided by the Remuneration Policy and Procedures as set out below:
- The approach to remuneration should take into account the best practice and market trends in the industry the Company and Group is operating, while supporting the commercial needs and long term interest of the Company and Group, and the interest of shareholders and stakeholders.
  - There must be a clear link between remuneration and performance, and remuneration packages should reflect the roles and responsibilities, and be set at a level which is sufficient to attract and retain Directors and Senior Management with the necessary caliber to make an important contribution to the Company and Group.
  - The remuneration packages of the Board, Board Committees and Senior Management shall be recommended by the Remuneration Committee.
  - The Board shall determine the remuneration packages for Directors and Senior Management as a whole based on RC's recommendation.
  - Remuneration packages shall be reviewed on a yearly basis to ensure they remain appropriate.



- The Directors shall abstain from deliberations and voting on their own remuneration.
- Remuneration packages shall comprise the following elements:

(a) Managing Director and Executive Directors

- They are entitled to receive remuneration in accordance with the Company's Articles of Association (Constitution).
- They draw monthly salaries, EPF and benefits-in-kinds based on employment and service contract approved by the Board. Salaries payable may not include commission on or percentage of turnover.
- The remuneration package set out in the employment and service contracts are determined based on role, function and level of responsibilities, experience and expertise of each Director and industry market rate, and shall link corporate performance to individual performance and contribution.
- Bonuses are payable based on a non-contractual bonus scheme, which is dependent on their performance and Company's performance.
- They are not entitled to Directors' fees.
- They may be paid all travelling or such other reasonable expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of Directors or general meetings/annual general meetings of the Company or in connection with the business of the Company in the course of performance of their duties as Directors.

(b) Non-Executive Directors

- They are entitled to receive remuneration in accordance with the Company's Articles of Association (Constitution).
- Non-Executive Directors are entitled to Directors' fees as ordinary remuneration and shall be a fixed sum and not payable by a commission or percentage of profits or turnover.
- The remuneration should reflect the contribution and level of responsibilities undertaken by them, and industry market rate.
- They will also be paid a sum based on their responsibilities in Board Committees.
- They may be paid all travelling or such other reasonable expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of Directors or general meetings/annual general meetings of the Company or in connection with the business of the Company in the course of performance of their duties as Directors.

(c) Senior Management

- They draw monthly salaries, EPF and benefits-in-kinds based on employment and service contract.
- The remuneration is set based on function, workload and responsibilities involved, and industry market rate.
- Bonuses are payable based on a non-contractual bonus scheme, which is dependent on key performance indicators and the Company's performance.

6.3 The fees of Non-Executive Directors and any benefits payable to them, and any increment are recommended by the Board for shareholders' approval in general meeting or annual general meeting pursuant to Section 230(1) and 340(1)(c) of the Companies Act, 2016.

## **7.0 DIRECTORS' TRAINING**

7.1 In addition to the Mandatory Accreditation Programme as required by Bursa Malaysia, the Directors shall continue to update their knowledge and enhance their skills through appropriate continuing education programmes and life-long learning.

7.2 Additionally, the Board is regularly updated by the Company Secretary on new statutory, corporate and regulatory developments relating to the Directors' duties and responsibilities.

7.3 The Directors are committed to undergoing further continuing education training programmes to upgrade and enhance their business acumen and skills in discharging their duties and responsibilities.

7.4 Following the appointment of a new Director to the Board, the Director will be briefed on the Group's business and development, aimed at deepening his/her understanding of the Group and the market in which FSBM operates. The Senior Management will meet with the new Director to enable him/her to get a full understanding of the nature of business, current issues within the Group and corporate strategies, as well as the structure and management of the Group.

## **8.0 COMPANY SECRETARY**

8.1 The Board appoints the Company Secretary, who plays an important advisory role, and ensures that the Company Secretary fulfils the functions for which he/she has been appointed.

8.2 The Company Secretary is accountable to the Board through the Chairman of the Board and Committees on all governance matters and on all matters to do with the proper functioning of the Board.

8.3 The Company Secretary is a central source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and

regulations affecting the Company and Group, and the application of the Malaysian Code on Corporate Governance. The Company Secretary is responsible to ensure that Directors' appointment are properly made and necessary information obtained from Directors, both for the Group's own record purposes as well as compliance with regulatory requirements.

8.4 The Company Secretary shall advise Directors of their obligations to adhere to matters relating to:

- (a) compliance with MMLR, laws, rules, procedures and regulations
- (b) the application of the Malaysian Code on Corporate Governance
- (c) disclosure of interest in securities;
- (d) disclosure of any conflict of interest in a transaction involving the Company and/or the Group;
- (e) prohibition on dealing in securities; and
- (f) restrictions on disclosure of price-sensitive information.

8.5 The Board members have unlimited access to the professional advice and services of the Company Secretary.

## **9.0 INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION**

9.1 The Board will endeavour to have high standards of transparency and accountability and will apply the best corporate governance practices, where appropriate, in its communication to shareholders, as well as to potential investors, analysts and the public.

9.2 The ways of communication to shareholders and investors, amongst others, are as follows:

- through general meetings of the Company;
- timely announcements and disclosures made to Bursa Malaysia, which includes release of financial results on a quarterly basis, awards of material contracts, changes in the composition of the Group and any other material information that may affect the decisions of shareholders and investors;
- press conference and/or press release to the media;
- dialogues with financial analysts;
- meetings with institutional investors;

## **10.0 ACCESS TO INFORMATION AND INDEPENDENT PROFESSIONAL ADVICE**

10.1 Every Director has the right to the resources, whenever necessary and reasonable for the performance of his duties, at the cost of the Company and in accordance with a procedure to be determined by the Board.

10.2 The Directors, collectively or individually, have unrestricted access to the advice of the Company Secretary and Senior Management.

The Directors may also seek independent professional advice and information in the furtherance of their duties and responsibilities at the Company's expense, so as to ensure that the Directors are able to make independent and informed decisions.

**11.0 CODE OF CONDUCT AND ETHICS**

In the performance of his duties, a Director shall at all times observe the following:

- (i) have a clear understanding of the aims and purpose, capabilities and capacity of the Company and Group;
- (ii) devote sufficient time and effort to carry out their duties and responsibilities, attend meetings and to know what is required of the Board and each of its Directors, and to discharge those functions. Directors should notify the Chairman and Company Secretary before accepting any other new directorships;
- (iii) ensure at all times that the Company and Group is properly managed and effectively controlled;
- (iv) stay abreast of the affairs of the Company and Group and be kept informed of the Company and Group's compliance with the relevant legislation and contractual requirements;
- (v) insist on being kept informed on all matters of importance to the Company and Group in order to be effective in corporate management;
- (vi) limit his directorship of companies to a number in which he can best devote his time and effectiveness; each director is his own judge of his abilities and how best to manage his time effectively in the Company in which he holds a directorship;
- (vii) have access to the advice and services of the Company Secretary, who is responsible to the board to ensure proper procedures, rules and regulations are complied with;
- (viii) at all times exercise his powers for the purposes they were conferred, for the benefit and best interest of the Company and Group;
- (ix) disclose immediately all contractual interests whether directly or indirectly with the Company and Group;
- (x) neither divert for his own advantage any business opportunity that the Company or Group is pursuing, nor may he use confidential information obtained by reason of his office for his own advantage or that of others;
- (xi) at all times act in the best interest of the Company and the Group, in any transaction and to act honestly and responsibly in the exercise of his powers in discharging his duties; and
- (xii) be willing to exercise independent judgment and, if necessary, openly oppose if the vital interest of the Company and/or Group is at stake.

**12.0 REVIEW OF THE BOARD CHARTER**

- 12.1 The Board Charter shall 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 duties and responsibilities.
- 12.2 The Board Charter is made available for reference on the Company's website.

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