

CAB CAKARAN CORPORATION BERHAD

(Company No. 583661-W)
(Incorporated in Malaysia)

BOARD CHARTER**1. INTRODUCTION**

- 1.1 The Directors of CAB Cakaran Corporation Berhad (CAB) recognises Corporate Governance as vital to the success of the business of the Group and are committed towards adhering to the high standards of corporate governance as guided by the Malaysian Code on Corporate Governance 2017 (“MCCG 2017”).
- 1.2 All Board members are expected to act in a professional manner, thereby upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.
- 1.3 The Board is ultimately accountable and responsible for the performance and affairs of the Company.
- 1.4 This Board Charter shall constitute and form an integral part of each Director’s duties and responsibilities.

2. OBJECTIVES

- 2.1 The objectives of this Board Charter are to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members and the various legislations and regulations affecting their conduct and that the principles and practices of good Corporate Governance are applied in all their dealings in respect and on behalf of the Company.

This Board Charter is to promote high standards of corporate governance and is designed to provide guidance and clarity for Directors and Management with regards to the role of the Board and its committees.

3. THE BOARD**3.1 Roles And Responsibilities**

- 3.1.1 The Board is charged with leading and managing the Company in an effective and responsible manner. 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 shareholders and stakeholders for the manner in which the affairs of the Company are managed. The Board sets the Company's values and standards and ensures that its obligations to its shareholders and stakeholders are understood and met.
- 3.1.2 The Board is guided by the Directors' Code of Ethics in discharging its oversight role effectively. The Code of Ethics requires all Directors to observe high ethical business standards, honesty and integrity and to apply these values to all aspects of the Group's business and professional practice and act in good faith.
- 3.1.3 The Board understands that the responsibility for good Corporate Governance rests with them and therefore strives to follow the principles and best practices stated in the MCCG 2017. The Board includes a narrative statement in its Company's Annual Report on the extent of compliance with the principles and best practices in Corporate Governance pursuant to the Listing Requirements.
- 3.1.4 The Board meets in person at least once every quarter to facilitate the discharge of their responsibilities. Members of the Management who are not Directors may be invited to attend and speak at meetings on matters relating to their sphere of responsibility.
- 3.1.5 The Board establishes the corporate vision and mission, as well as the philosophy of the Company, setting the aims of the Management and monitoring the performance of the Management.
- 3.1.6 The principal roles and responsibilities of the Board members are as follows :
- (a) Reviewing and adopting a strategic plan for the Company, addressing the sustainability of the Group's business;
 - (b) Overseeing the conduct of the Group's businesses and evaluating whether or not its businesses are being properly managed;
 - (c) Identify principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks;
 - (d) Ensuring that all candidates appointed to Senior Management positions are of sufficient calibre, including the orderly succession of Senior Management personnel;
 - (e) Overseeing the development and implementation of a shareholder communications policy, including an investor relations programme for the Company;
 - (f) Reviewing the adequacy and integrity of the Group's internal control and management information systems including systems for compliance with applicable laws, regulations, rules, directives and guidelines.
 - (g) Carrying out periodic review of the Group's financial performance and operating results and major capital commitments; and

- (h) Reviewing and approving any major corporate proposals, new business ventures or joint ventures of the Group.
- 3.1.7 The Board has established written procedures determining which issues require a decision of the full Board and which issues can be delegated to Board Committees or the Management.
- 3.1.8 The Board reserves full decision-making powers on the following matters:
- a) Conflict of interest issues relating to a substantial shareholder or a Director including approving related party transactions;
 - b) Material acquisitions and disposition of assets not in the ordinary course of business including significant capital expenditure;
 - c) Investments in Capital projects;
 - d) Authority levels;
 - e) Treasury policies;
 - f) Risk management policies; and
 - g) Key human resource issues.
- 3.1.9 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 the Group are managed.
- 3.1.10 The Board has formalized an ethical standards through a code of conduct and ensure implementation of appropriate internal systems to support, promote and ensure its compliance that should include appropriate communication and feedback channels which facilitates whistle-blowing.

3.2 Composition And Board Balance

- 3.2.1 The Board consists of qualified individuals with diverse skills, experiences, backgrounds, knowledge and perspectives. The composition and size of the Board is such that it facilitates the making of informed and critical decisions.
- 3.2.2 At any one time, at least two (2) or one-third (1/3), whichever is higher, of the Board members are Independent Directors.



- 3.2.3 The Group Managing Director (“Group MD”) and the Executive Director(s) are the “Executive” Directors on the Board. However, the views of the Management are represented at meetings of the Board by the presence of senior executives when required.
- 3.2.4 The Board strongly endorses board diversity as it is of the view that a diversified Board has the prospects of achieving greater effectiveness, creativity and capacity of thrive in a challenging and uncertain business environment. The Board strives to ensure that there is no discrimination on the basis of, but not limited to, race, age, ethnicity, gender, nationality, political affiliation, religious affiliation, marital status, education, physical ability or geographic region when deciding on the composition of the Board.
- 3.2.5 The Independent Directors provide independent judgement, experience and objectivity without being subordinated to operational considerations.
- 3.2.6 The Independent Directors help to ensure that the interests of all shareholders, and not only the interests of the particular fraction or group, are indeed taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board.
- 3.2.7 The views of the Independent Directors should carry significant weight in the Board’s decision-making process.
- 3.2.8 The tenure of an Independent Director should not exceed a cumulative term of nine (9) years. In the event an Independent Director reaches a cumulative term of nine (9) service years, the Independent Director may continue to serve the Board upon re-designation as a Non-Independent Director. Should the Board intend to retain the Director as Independent after the latter has served a cumulative term of nine (9) years, the Board must first justify and seek annual shareholders’ approval. If the Board continues to retain the Independent Director after the twelfth (12) year, annual shareholders’ approval must be sought through a two-tier voting process to retain the said Director as an Independent Director.

3.3 Appointments to the Board

- 3.3.1 The appointment of a new Director is a matter for consideration and decision by the full Board upon appropriate recommendation from the Nomination Committee.
- 3.3.2 New Directors are expected to have the necessary skills and experience together with appropriate personal qualities and competencies towards achieving the Company’s goals and to give sufficient time and attention to the affairs of the Company.

- 3.3.3 The Company Secretary has the responsibility of ensuring that relevant procedures relating to the appointments of new Directors are properly executed.
- 3.3.4 The Company has adopted educational / training programme to update the Board in relation to new developments pertaining to the laws and regulations and changing commercial risks which may affect the Board and/or the Company.
- 3.3.5 The Company may adopt an induction programme for newly appointed Directors. The induction programme aims at communicating to the newly appointed Directors, the Company's vision and mission, its philosophy and nature of business, current issues within the Company, the corporate strategy and the expectations of the Company concerning input from Directors.
- 3.3.6 In addition to the Mandatory Accredited Programme as required by the Bursa Securities, Board members are also encouraged to attend training programmes conducted by highly competent professionals and which are relevant to the Company's operations and business. The Board will assess the training needs of the Directors and disclose in the Annual Report the trainings attended by the Directors.

3.4 Re-Election

- 3.4.1 Pursuant to the Articles of Association of the Company, all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election.
- 3.4.2 Pursuant to the Articles of Association of the Company, any newly appointed Director shall hold office only until the next following annual general meeting, and shall then be eligible for re-election.

4. ROLES OF THE CHAIRMAN OF THE BOARD AND GROUP MD

4.1 The Chairman

- 4.1.1 The roles of the Chairman and the Group MD are distinct and separate and each has a clearly accepted division of duties and responsibilities so as to ensure a balance of power and authority. The positions of Chairman and Group MD are held by different individuals.
- 4.1.2 The Chairman is responsible for leading the Board and ensuring its effectiveness. The Chairman will ensuring that all Directors receive sufficient relevant information on financial and non-financial matters of the Group so as to enable them to participate actively and effectively in Board meetings. The Group MD is



- responsible to carry out the implementation of Board policies and decisions as well as to oversee the day-to-day management of the business of the Group.
- 4.1.3 The Chairman is responsible for, amongst others, the following responsibilities :
- a) leading the Board in setting the values and standards of the Company;
 - b) maintaining a relationship of trust with and between the Executive and Non-Executive Directors;
 - c) ensuring the provision of accurate, timely and clear information to members of the Board;
 - d) ensuring effective communication with shareholders and relevant stakeholders;
 - e) arranging regular evaluation of the performance of the Board, its Committees and individual Directors;
 - f) facilitating the effective contributions of all members of the Board;
 - g) in consultation with the Group MD and the Company Secretary, sets the agenda for Board meetings and ensures that all relevant issues are on the agenda.
- 4.1.4 The Chairman is responsible for managing the business of the Board to ensure that:
- a) all Directors are properly briefed on issues arising at Board meetings;
 - b) sufficient time is allowed for the discussion of complex or contentious issues and, where appropriate, arranging for informal meetings beforehand to enable thorough preparation for the Board discussion; and
 - c) the issues discussed are forward looking and concentrates on strategy.
 - d) every Board resolution is put to vote and to ensure the will of the majority prevails.
- 4.1.5 The Chairman ensures that Executive Directors look beyond their executive functions and accept their full share of responsibilities on governance.
- 4.1.6 Should the Chairman be absent from a meeting, the members of the Board present at the meeting, may choose one of their number to chair the said meeting.

4.1.7 In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded, as the case may be, shall have a second or casting vote.

4.2 The Group MD

4.2.1 The Group MD is the conduit between the Board and the Management in ensuring the success of the Company's governance and management functions.

4.2.2 The Group MD has the executive responsibility for the day-to-day operations and management of the Group's businesses with all powers, discretions and delegations authorised from time to time by the Board.

4.2.3 The Group MD, in association with the Chairman, is accountable to the Board for the achievement of the Group's mission, goals and objectives and the Group MD is accountable to the Board for the observance of management's limitations.

4.2.4 The Group MD implements the policies, strategies and decisions adopted by the Board.

4.2.5 The Group MD ensures that the financial management practice is performed at the highest level of integrity and transparency and that the business and affairs of the Group are carried out in an ethical manner and in compliance with the relevant laws and regulations.

4.2.6 Generally, the Group MD is responsible to the Board for the following :-

- a) executive management of the Group's business covering, inter alia, the development of a strategic plan; an annual operating plan and budget; performance benchmarks to gauge management performance against and the analysis of management reports;
- b) developing long-term strategic and short-term profit plans, designed to ensure that the Group's requirements for growth, profitability and return on capital are achieved;
- c) directing and controlling all aspects of the business operations in a cost effective manner;
- d) effectively oversees the human resources of the Group with respect to key positions in the Group's hierarchy, determination of remuneration as well as terms and conditions of employment for senior Management and issues pertaining to discipline;

- e) assures that the Group's corporate identity, products and services are of high standards and are reflective of the market environment;
- f) be the official spokesman for the Company and responsible for regulatory, governmental and business relationships;
- g) coordinates business plans with the business heads, coordinates management issues through the Board, and oversees divisional function groups and cost containment process in consultation with the Chief Financial Officer and the Regional Office or Head Office;
- h) maintains and facilitates a positive working environment and good employee relations;
- i) promoting a high degree of corporate governance and ethics across the Group;
- j) assists in the selection and evaluation of Board members through the Nomination and Remuneration Committees; and
- k) assists the Chairman in organising information necessary for the Board to deal with the agenda and for providing this information to directors on a timely basis.

5. BOARD COMMITTEES

The Board may from time to time establish Committees to assist in carrying out its duties and responsibilities. Where a Committee is formed, specific terms of reference of the committee would be established to cover matters such as the purpose, composition and functions of the committee.

The Board has established the following committees with written terms of reference:

- a) Audit Committee
- b) Nomination Committee
- c) Remuneration Committee
- d) Halal Committee
- e) Risk Management Committee



Independent and Non-Executive Directors play a leading role in these Committees. The Management and third parties are co-opted to the Committees as and when required.

The Committees shall operate under clearly defined terms of references. The Committees are authorized 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. Details of the terms of reference of each committee appointed by the Board are available for reference at the Company's website at www.cab.com.my.

5.1 Audit Committee

5.1.1 The Audit Committee is one of the committees of the Board of Directors. The Audit Committee does not has the authority to make decisions on behalf of the Board but has the authority to examine areas or issues within their respective terms of reference and to report back to the Board with relevant recommendations.

5.1.2 The principal objectives of the Audit Committee are to assist the Board, by providing:-

- (a) A focused review and detailed discussion of the Company's processes for producing financial data, its internal controls, risk management activities and independence of its external auditors, and
- (b) A forum for discussing the Company's financial data, which concerns the performance of the management, and the manner of its preparation. The management shall participate in the forum only upon request.

5.2 Nomination Committee

5.2.1 The objectives of the Nomination Committee are to oversee matters related to the nomination of new Directors, annually reviews the required mix of skills, experience and other requisite qualities of Directors as well as the annual assessment of the effectiveness of the Board as a whole, its committees and the contribution of each individual Director as well as identify candidates to fill Board vacancies, and nominating them for approval by the Board.

5.2.2 The Nomination Committee shall review the term of office and performance of the Audit Committee and each of its members annually to determine whether the Audit Committee and members have carried out their duties in accordance with the terms of reference.

5.3 Remuneration Committee



The objectives of the Remuneration Committee are to recommend to the Board, the remuneration package of the Executive Directors and key Senior Management officers to ensure that the Executive Directors and key Senior Management officers are fairly rewarded for their contribution to overall performance and that the compensation is reasonable in light of the Group's objectives.

5.4 Halal Committee

The objectives of the Halal Committee are to ensure that the relevant products produced by CAB are comply with the requirements of the Malaysian Halal Standards in accordance with the Syariah Law in ensuring that products produced are halal, clean and safe for consumption.

5.5 Risk Management Committee

The primary objective of the Risk Management Committee to assist the Board in fulfilling its responsibility with respect to evaluating, reviewing, implementing and monitoring the Group's risk management framework and activities on on-going basis.

6. BOARD MEETING

- 6.1.1 The Board shall meet at least four (4) times a year and additional Board meetings are held as and when required.
- 6.1.2 The notice of each Board Meeting together with the agenda and comprehensive Board papers are circulated to all Directors in advance prior to the meeting.
- 6.1.3 Agenda and documents relevant to the Board Meetings are circulated in advance to the Directors for their review before the meetings to ensure the Directors have sufficient time to appreciate issues to be deliberated at the Board Meetings and expedite the decision making process effectively.
- 6.1.4 Senior management team from different business units are also invited to participate at the Board meetings to enable all Board members to have equal access to the latest updates and developments of business operations of the Group presented by the senior management team.
- 6.1.5 Board discussion will be open and constructive, recognizing that genuinely held differences of the opinion could bring greater clarity and lead to better decisions. The Chairman, will, nevertheless, seek a consensus of the Board but may, where considered necessary, call for a vote.



- 6.1.6 All proceedings at the Board meetings are minuted by the Company Secretary and signed by the Chairman of the meetings.

7. REMUNERATION LEVELS OF DIRECTORS

- 7.1.1 The Company aims to set remuneration at levels which are sufficient to attract and retain the Directors needed to run the Company successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved, but without paying more than is necessary to achieve this goal.
- 7.1.2 The level of remuneration for the Chairman, Group MD and Executive Directors is reviewed and recommended by the Remuneration Committee after giving due consideration to the compensation levels for comparable positions among other similar Malaysian public listed companies.
- 7.1.3 There is adequate disclosure in the Annual Report with a note on the remuneration of Directors.

8. ACCESS TO INFORMATION AND INDEPENDENT ADVICE

- 8.1 All Directors have unrestricted access to all information and Senior Management within the Group whether collectively as a Board or in their individual capacity in furtherance of their duties and responsibilities as Directors of the Company.
- 8.2 All Directors have access to the advice and services of the Company Secretary. The Board should recognise that the Chairman is entitled to the strong and positive support of the Company Secretary in ensuring the effective functioning of the Board.
- 8.3 A Director of the Company, after consultation with the Chairman and/or the Group MD, is entitled to seek independent professional advice either collectively or individually as may be considered necessary in furtherance of their duties or on any matter connected with the discharge of their responsibilities at the Company's expense through an agreed procedure laid down formally.
- 8.4 Subject to prior approval of the Chairman, the cost of the advice will be reimbursed by the Company but the Director will ensure, so far as is practicable, that the cost is reasonable.

9. FINANCIAL REPORTING



9.1 **Transparency**

- 9.1.1 The Company aims to present a clear and balanced assessment of the Company's financial position and future prospects that extends to the interim and price-sensitive information and other relevant reports submitted to regulators.
- 9.1.2 The Directors ensure that the financial statements are prepared so as to give a true and fair view of the current financial status of the Company in accordance with the approved accounting standards.
- 9.1.3 The Company's practice is to announce to Bursa Securities its quarterly financial results as early as possible within two (2) months after the end of each quarterly financial period.
- 9.1.4 The Auditors Report shall contain a statement from the Auditors explaining their responsibility in forming an independent opinion, based on their audit, of the financial statements.

9.2 **Company Auditors**

- 9.2.1 The Board has established formal and transparent arrangements for considering how financial reporting and internal control principles will be applied and for maintaining an appropriate relationship with the Company Auditors through its Audit Committee.
- 9.2.2 The Audit Committee also keeps under review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the Company Auditors. The Company ensures that the Company Auditors do not provide a substantial volume of non-audit services to the Company.
- 9.2.3 The Appointment of the Company Auditors is subject to the approval of shareholders at General Meetings. The Company Auditors have to retire during the Annual General Meeting every year and be re-appointed by shareholders for the ensuing year.

9.3 **Internal Controls and Risk Management**

- 9.3.1 The Board has established an internal audit function for the Group which critically reviews the adequacy of the operational controls and procedures so as to provide reasonable assurance that such system continues to operate satisfactorily and effectively within the Group. Comprehensive audits of the practices, procedures and internal controls of all business units and subsidiaries are undertaken on a regular basis.

- 9.3.2 The Head of Internal Audit has direct access to the Board through the Chairman of the Audit Committee.
- 9.3.3 The Board ensures that the system of internal controls is reviewed on a regular basis and the Audit Committee receives reports regarding the findings and outcome of the audits and reviews on a regular basis.

10. INVESTOR RELATIONS AND SHAREHOLDERS COMMUNICATION

- 10.1.1 The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Company and as such adopts an open and transparent policy in respect of its relationship with its shareholders and investors.
- 10.1.2 The Board ensures the timely release of financial results on a quarterly basis to provide shareholders with an overview of the Company's performance and operations in addition to the various announcements made during the year.
- 10.1.3 The Company regards the Annual General Meeting as the principal forum for dialogue with shareholders. The Board will ensure that the general meetings are conducted in an efficient manner and serve as a channel for shareholders communication.
- 10.1.4 The Chairman encourages active participation by the shareholders during the Annual General Meeting. At each general meeting, the Directors and the Group MD are available to provide responses to questions from the shareholders.
- 10.1.5 The Board shall appoint a Senior Independent Director who will also attend to any query or concern raised by shareholders. At all times, the shareholders may communicate their queries at Company's website at cab@cab.com.my

11. RELATIONSHIP WITH OTHER STAKEHOLDERS

11.1 Employees

- 11.1.1 The Board acknowledges that the employees are invaluable assets of the Company and play a vital role in achieving the vision and mission of the Company.
- 11.1.2 The Company adopts comprehensive and documented policies and procedures with respect to the following:
- (a) Occupational safety and health with the objective of providing a safe and healthy working environment for all employees; and



- (b) Industrial relations with the objective of managing employees' welfare and well-being in the workplace.

11.2 Environment

11.2.1 The Board acknowledges the need to safeguard and minimise the impact to the environment in the course of achieving the Company's vision and mission.

11.2.2 The Company adopts comprehensive and documented policies and procedures as part of its commitment to protect the environment and contribute towards sustainable development.

11.2.3 The Company supports initiatives on environmental issues.

11.3 Social Responsibility

11.3.1 The Board acknowledges that the Company should play a vital role in contributing towards the welfare of the community in which it operates.

11.3.2 The Company adopts comprehensive and documented policies and procedures towards responsible marketing and advertising of its products and services.

11.3.3 The Company supports charitable causes and initiatives on community development projects.

12. COMPANY SECRETARY

12.1 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.

12.2 The Company Secretary is accountable to the Board through the Chairman of the Board and Committees on all governance matters.

12.3 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.

12.4 The Company Secretary should advise Directors of their obligations to adhere to matters relating to:

a) disclosure of interest in securities;

b) disclosure of any conflict of interest in a transaction involving the Company;



- c) prohibition on dealing in securities; and
 - d) restrictions on disclosure of price-sensitive information.
- 12.5 The Company Secretary must keep abreast of and inform the Board of current governance practices.
- 12.6 The Board members have unlimited access to the professional advice and services of the Company Secretary.

13. APPLICATION

- 13.1 The principles set out in this Charter are:
- a) kept under review and updated as practices on Corporate Governance develop and further guidelines on Corporate Governance are issued by the relevant regulatory authorities;
 - b) applied in practice having regard to their spirit and general principles rather than to the letter alone; and
 - c) summarised in the Annual Report as part of a narrative statement by the Directors on Corporate Governance.
- 13.2 The Board will review this Charter from time to time and make any necessary amendments to ensure they remain consistent with the Board's objectives, current law and practices.

The Board Charter was reviewed and approved by the Board on 22 December 2017.

