

**ANN JOO GROUP  
CORE VALUES & PRINCIPLES**

- ❖ To commit to excel in every aspect of our operation in pursuit of total customer satisfaction in our products and services;
- ❖ To endeavour to create a challenging and rewarding career environment encouraging our employees to realise their optimum potential;
- ❖ To develop and establish a reliable and mutually beneficial relationship with our shareholders, business partners, associates; and
- ❖ To strive to be a caring, responsible corporate citizen committed to making the workplace, marketplace, community, environment, social, cultural and governance aspects of business operations an integral part of the Ann Joo Group's social obligation for business sustainability and to deliver long term sustainable, equitable return to its stakeholders.

1. **ROLES AND RESPONSIBILITIES**

1.1 **THE BOARD**

- i. The Board is obligated to play an active role in directing management in an effective and responsible manner. The Directors, collectively and individually, has a legal and fiduciary duty to act objectively in the best interest of the Ann Joo Group and to effectively represent and promote the interests of the shareholders and stakeholders with a view to achieve its vision towards corporate sustainability.
- ii. Having regard to the above, the Board assumes the following major responsibilities in the discharge of its obligation :
  - (a) Ensure that Company goals are clearly established and that strategies are in place with the necessary resources to achieve them;
  - (b) Oversee the conduct of the Group's business in line with its strategic aim, direction and policies including economic, environmental, safety & health, technology, social and governance considerations to ensure sustainable growth.
  - (c) Ensuring a competent Management team and monitoring of their performance.
  - (d) Succession planning.
  - (e) Identify principal risks and implementation of appropriate risk management framework, internal controls and mitigation measures as well as ensure that statutory/regulatory compliance policies are in place.
  - (f) Ensure the integrity of Ann Joo Group's financial and non-financial reporting.

- (g) Oversee development and implementation of an effective communication policy with all stakeholders of Ann Joo Group.
  - (h) Together with Management, oversee and ensure that Ann Joo Group adheres to high standards of ethics and conduct as well as professional corporate behaviour.
- iii. The Board reserves full decision-making powers on the following matters :
- (a) Review, approve and adopt the Company’s annual budget (including capital expenditure budget) and strategic plan;
  - (b) Declaration of dividends, approval of financial statements and quarterly reports;
  - (c) Material acquisitions and disposition of assets not in the ordinary course of business;
  - (d) Investments in capital projects;
  - (e) Any corporate fundraising or restructuring exercise;
  - (f) Board, Board Committee and Senior Management appointments, remuneration and the terms of reference and policies;
  - (g) Risk management policies; and
  - (h) Conflict of interest issues relating to a substantial shareholder or a Director.
- iv. The composition, diversity in gender, age, ethnicity, cultural back ground experiences and mix of skills of the Board will be reviewed annually by the Nomination Committee to ensure an effective and better equipped Board to respond to challenges that may arise and deliver value. Notwithstanding, the Company recognises and embraces the benefits of having a diverse Board, and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage. As such, the Board has set a policy that at least one member of the Board will be of the female gender.

## 1.2 BOARD COMMITTEES

- i. Board Committees are formed as and when necessary with the primary intention to assist the Board to enhance efficiency in the execution of its responsibilities.
- ii. The Board of the Company has delegated its authority to the following Board Committees whom are guided by specific terms of reference / policy:
  - Audit Committee
  - Nomination Committee
  - Remuneration Committee
  - Long Term Incentive Plan Committee

Refer to Appendix A

- iii. Independent and Non-Executive Directors of the Company play a leading role in these Committees. The Management is co-opted to the Committees as and when required.
- iv. The Board Committees consider particular issues and report/update the Board and where necessary, make recommendations to the Board. The Minutes of all Board Committees are made available to the Board.

### **1.3 INDIVIDUAL DIRECTORS**

Broadly :

- i. Directors are expected to have such expertise, skills, knowledge and experience so as to qualify them to make positive contribution to the Board performance by providing independent views as well as demonstrate objectivity in reviewing and challenging Management's proposals at meetings to effectively discharge their legal, statutory and equitable duties.
- ii. Any Director of the Company, while holding office, is at liberty to accept other Board appointments so long as the appointment is not in conflict with the business and does not affect his performance as a director. Notification proper of such must be given to the Chairman and Group Managing Director.
- iii. Every Director is required to devote sufficient time and attention to the affairs of the Company and continuously update and equip himself with the knowledge of the Ann Joo Group's business, operating environment and market trends.
- iv. Each Director has the obligation to notify and update on their shareholdings and/or interest (direct or indirect) in the Company as soon as practicable and shall abstain from discussion, decision-making process and voting on the matters where it involves a conflict of interest.
- v. As guided by the requirements of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, Directors must attend at least 50% of Board Meetings held in a financial year and that directorships held by any Director at any one time shall not exceed five (5) listed companies.

### **1.4 SENIOR INDEPENDENT DIRECTOR ("SID")**

- i. The role of the SID is mainly as the point of contact for shareholders and other stakeholders to whom queries or concerns may be conveyed.
- ii. The Senior Independent Director is also the point of communication for whistleblowers and has the responsibility to review any reports made. He may in his discretion, decide/direct the appropriate action on whistleblowing cases and report/update to the Audit Committee and Board of Directors.

### **1.5. CHAIRMAN AND GROUP MANAGING DIRECTOR**

- i. There are two (2) key tasks in Board leadership, namely the running of the Board and the executive responsibility of managing the Company's business which are led by the Group Executive Chairman and Group Managing Director respectively.
- ii. The two (2) positions are held by separate persons with their roles distinct, separated and responsibilities clearly defined between them to ensure balance of power and authority, such that no one individual has unfettered powers of decision-making.
- iii. The Chairman is responsible for ensuring the integrity and effectiveness of the governance process of the Board with key function as follows :
  - ⇒ acts as a direct liaison between the Board and Management and as the communicator for Board decisions where appropriate;
  - ⇒ in consultation with the Group Managing Director and Company Secretary, sets the agenda of meetings and schedule deliberation of issues to ensure sufficient time is available for thorough discussion of critical and strategic matters;

- ⇒ ensures that the Board is properly briefed on issues arising at Board meetings with adequate and accurate information provided in a timely manner to enable them to fulfil their duties and form appropriate judgments;
  - ⇒ ensuring effective communication with shareholders and relevant stakeholders;
  - ⇒ promotes open communication and creates an environment that allows constructive debates and challenges; and
  - ⇒ oversees compliance of statutory and regulatory requirements as well as establish and promote good corporate governance practices throughout the Group.
- iv. The Group Managing Director leads the executive management and has the following key responsibilities :
- ⇒ oversee and manage day-to-day operations;
  - ⇒ strategy, goal and business development;
  - ⇒ establish and implement policies to strengthen performance of the Ann Joo Group and to build the business through innovation, initiative, technology, new products and development of its business capital;
  - ⇒ management of resources;
  - ⇒ ensure timely, comprehensive reporting and updating of financial position, business, market trends and economic environment to the Board;
  - ⇒ provide strong leadership to staffs by creating conditions for motivation, performance management and professional development;
  - ⇒ human capital development;
  - ⇒ stakeholder management;
  - ⇒ develop and maintain effective relations with government agencies, regulatory bodies and trade associations/institutions domestically and internationally; and
  - ⇒ ensure compliance with statutory and regulatory requirements as well as establish and promote good corporate governance practices throughout the Group.

## 1.6 COMPANY SECRETARY

- i. The Board appoints the Company Secretary and ensures that the Company Secretary must be suitably qualified, competent to carry out and fulfil the duties and functions required and should undertake continuous professional development.
- ii. The appointment and removal of Company Secretary is a matter for the Board as a whole.
- iii. The Secretary is responsible to ensure the Board's adherence and compliance to applicable rules, regulations, procedures and to advise on corporate governance developments and expectations as required for efficient and sustainable operation.

## 2. **BOARD COMPOSITION**

- i. The Board shall comprise a minimum of two (2) Directors and a maximum of ten (10) Directors in accordance with its Constitution.
- ii. The Board shall consist a mix of Board members with diverse set of skills, knowledge, experience, background and areas of expertise.

- iii. In the best interest of stakeholders, Board representation is to be fairly and adequately reflective of the interest of major shareholders for long term value creation.
- iv. At any one time –
  - at least two (2) or one-third (1/3), whichever is higher, of the Board members shall be Independent Directors as defined in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad; and
  - at least half of the Board members must not be involved in the day-to-day operations of the business.
- v. Directors must give effect to the spirit, intention and purpose of the abovestated. The Independent Directors must ensure that the interests of all shareholders, and not only the interests of a 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.
- vi. The tenure of an Independent Director, unless approved by the shareholders for such further period, shall not exceed a cumulative term of twelve (12) years. Prior to attaining the stipulated number of years, the Nomination Committee will consider the following and recommend to the Board accordingly :
  - (a) whether the Independent Director is to continue to serve on the Board subject to his re-designation as a Non-Independent Director; or
  - (b) whether shareholders' approval is to be sought in order to retain him as an Independent Director.
- vii. Independent Directors are expected to advise the Chairman immediately if they believe that they may no longer be independent.
- viii. The Board undertakes to assess the independence of Independent Directors on an annual basis.
- ix. The composition, diversity in gender, age, ethnicity, cultural background experiences and mix of skills, of the Board will be reviewed annually by the Nomination Committee to ensure an effective and better equipped Board to respond to challenges that may arise and deliver value.

### 3. BOARD APPOINTMENTS

- i. The appointment of new Directors is a matter for consideration and decision by the Board upon recommendation from the Nomination Committee as guided by the Terms of Reference and Nomination Policy.
- ii. The aim is to achieve Board balance and diversity to complement the expertise and background of other Board members and no individuals shall be discriminated against on the basis of race, religion, gender, age, ethnicity, national origin, disability or any other basis.
- iii. Selection of candidates may be from the recommendation of Directors, Management, major shareholders and external independent sources.

4. **BOARD EVALUATION**

- i. The performance of the Directors as a whole and individually are assessed by the Nomination Committee on a yearly basis with due consideration to the competency, commitment, contribution and performance.

5. **DIRECTORS' REMUNERATION**

- i. The Company aims to set a fair remuneration and other emoluments to attract, retain and motivate Directors and ensure that rewards commensurate with their contributions and in tandem with the performance of the Company.
- ii. The Board is assisted by the Remuneration Committee to administer a fair and transparent procedure and is responsible to annually:
  - (a) review the performance achievement of the Executive Directors and guided by the Remuneration Policy, make recommendations to the Board on the framework of remuneration package, incorporating short and long term incentives link to Ann Joo Group's performance and total shareholders' returns.
  - (b) recommend the basic annual fees for Directors; and
  - (c) recommend meeting allowance to Directors for attendance at meetings and based on their responsibilities in Board Committees.
- iii. The ultimate approval for the above lies with the Board and the relevant Directors are to abstain from deliberation and voting on their remuneration.

6. **BOARD TRAINING AND DEVELOPMENT**

- i. In addition to the Mandatory Accreditation Programme as required by Bursa Malaysia Securities Berhad, the Directors are encouraged to attend various training programmes and to participate in site visits at business locations to constantly update their knowledge as well as enhance their skills. This will enable Directors to effectively discharge their duties and keep abreast with industrial sector issues, developments in the industry and global market, management strategies, corporate governance development and regulatory laws, rules as well as guidelines and which are relevant to the Company's operations and business.
- ii. The training needs of the Directors will be reviewed by the Nomination Committee on a regular basis to ensure that they are acquainted with the latest development and changing environment within which the Ann Joo Group operates.

7. **CODE OF ETHICS AND CONDUCT**

- i. The Company adopts a Code of Ethics and Conduct applicable to all employees of the Ann Joo Group as guidance towards highest standards of personal and professional integrity in all aspects of their activities and to comply with laws, regulations and policies.
- ii. The Board of Directors are bound by the following Code of Ethics, codifying the principles and standard of conduct by which all Directors are expected to abide with the objective to protect the business interests of the Ann Joo Group, maintain its reputation for integrity and foster compliance with applicable legal and regulatory obligations.
  - (a) act honestly, fairly and ethically with integrity, responsibility, competency and diligence in fulfilling the functions of office and exercising the powers attached to that office, as well as in good faith in the best interests of the Company as a whole and to fulfill their fiduciary obligations to all its stakeholders.
  - (b) observe high standards of corporate governance, in particular the practices set out in the Malaysian Code on Corporate Governance, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Companies Act 2016 and the Capital Markets and Services Act, 2007.
  - (c) recognise that the primary responsibility is to the Company's shareholders as a whole but should, where appropriate, have regard for the interest of all stakeholders of the Company.
  - (d) must not make improper use of information acquired as a director for personal gain or for any other purpose
  - (e) must not take improper advantage of the position of director.
  - (f) must not allow personal interests, or the interests of any associated person, to conflict with the interests of the Ann Joo Group.
  - (g) must not offer or accept, directly or indirectly any gifts of any value, remuneration, hospitality, donations, illegal payments and comparable benefits under circumstances that are unlawful or might otherwise appear to be an attempt to improperly influence a decision which affects the Ann Joo Group.
  - (h) has an obligation to be independent in judgment and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken as a Board.
  - (i) confidential information received by a director in the course of the exercise of directorial duties remains the property of the Company and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the Company, or is required by law.
  - (j) should not engage in conduct likely to bring discredit to the Company.
  - (k) has an obligation at all times to act ethically and to comply with the spirit of the Code and the Board Charter.
  - (l) encourage to whistle blow or report on suspected improprieties and any violation of the Code through the Whistleblowing Policy.

- (m) ensure that all suspected reports of unethical practices are investigated fully and thoroughly to ensure the Company operates in the manner expected of it by society.
- iii. The Board of Directors will review the Code regularly to ensure that it remains relevant and appropriate.

## 8. BOARD MEETINGS

- i. The Board will normally hold meetings at least four (4) times in each financial year and will hold additional meetings as the situation requires.
- ii. Directors will use their best endeavour to attend the Board Meetings. Directors are expected to prepare themselves thoroughly and to participate fully and constructively in Board discussions and other activities and to bring the benefit of their particular knowledge, skills and abilities to the Board.
- iii. The Board has sole authority over its agenda and exercises this through the Chairman. Any Director may, through the Chairman, request the addition of an item to the agenda. The Chairman in consultation with the Group Managing Director and the Company Secretary will set the agenda.
- iv. Directors who are unable to attend the Board Meetings shall accordingly advise the Chairman, Group Managing Director and/or the Company Secretary on the same at the earliest time possible.
- v. Board discussions will be open and constructive, recognising that genuinely held differences of 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. All discussions and their record will remain confidential unless there is a specific direction from the Board to the contrary, or disclosure is required by law. Subject to legal or regulatory requirements, the Board will decide the manner and timing of the publication of its decisions.
- vi. Directors are expected to strictly observe confidentiality of Company information.

## 9. ACCESS TO INFORMATION AND ADVICE

- i. The Company aims to provide all Directors with timely and quality information and in a form and manner appropriate for them to discharge their duties effectively.
- ii. The Management is responsible for providing the Board with the required information in an appropriate and timely manner. The Chairman, assisted by the Company Secretary, assesses the type of information required to be provided to the Board. If the information provided by the Management is insufficient, the Board will make further enquiries where necessary to which the persons responsible will respond as fully and promptly as possible.
- iii. The full agenda and comprehensive Board papers are disseminated to all Directors reasonably in advance of meetings to enable them to prepare for the meetings.
- iv. Full Board minutes of each Board meeting are kept by the Company Secretary and are available for inspection by any Director during office hours.





- v. The Board meeting papers provided to the Directors include progress reports on business operations, financial results, information on business propositions, industry outlook, operational and regulatory compliance matters, corporate proposals besides minutes of meeting of Board Committees and Management. For corporate proposals deemed material and price-sensitive, supporting papers would be circulated to the Directors during the Board meeting.
- vi. At Board meetings, the Management presents and provides explanation on the reports provided. Senior Management and Consultants may be invited to attend the Board meetings to advise or give detailed explanation and clarification on relevant agenda items to enable the Board to make informed decisions. Any Director who has a direct and/or indirect interest in the subject matter to be deliberated on shall abstain from deliberation and voting on the same.
- vii. Directors are entitled to have access, at all reasonable times, to all relevant Company information and to Management and have at least two (2) private sessions in a year with the external auditors.
- viii. The Directors, whether as full Board or individual capacity, may seek independent professional advice in furtherance of their duties. If such advice is considered necessary, it shall be first discussed with the Chairman and having done so, shall be free to proceed. Subject to the prior approval of the Chairman, the cost of the advice will be reimbursed by the Company but the Directors will ensure, so far as is practicable, that the cost is reasonable.
- ix. The Directors have unlimited access to the professional advice and services of the Company Secretary.

#### 10. CORPORATE DISCLOSURE POLICY AND PROCEDURES

- i. The Board aims to provide shareholders with comprehensive, accurate and quality information on a timely and even basis as it is in the Company's interest for maintenance of confidence.
- ii. While the Board is generally responsible for the proper dissemination of information, it designates the Group Executive Chairman and/or Group Managing Director to oversee and coordinate on ensuring compliance with the disclosure obligations under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
- iii. The Group Executive Chairman and Group Managing Director shall also be the official spokespersons authorised to speak on behalf of the Company to journalists, analysts, fund managers, institutional investors or other persons outside the Company.

#### 11. ANTI-BRIBERY AND ANTI-CORRUPTION STATEMENT

- i. The Ann Joo Group does not condone or tolerate any form of bribery and corruption by, or of, its employees or any persons or companies acting for the Group or on its behalf.
- ii. Employees and others acting for or on behalf of Ann Joo Group are strictly prohibited from directly or indirectly soliciting, promising, accepting or offering to any person bribes or any gratification whether for the benefit of that person or another person with an intention to obtain or retain business or an advantage in the conduct of business, both for the commercial organisation in relation to its businesses and operations.

- iii. The Board and Management are committed to combat any corrupt and unethical practices in the course of conducting business in the jurisdictions in which it operates and will act accordingly to:
- ✓ ensure all employees read, understand, be aware of their responsibilities and adhere strictly to the Code of Ethics and Conduct at all times.
  - ✓ encourage its employees to be vigilant and to report any suspicions of bribery, providing them with suitable channels of communication.
  - ✓ take firm action against any individual(s) involved in bribery and corruption.
  - ✓ monitor to ensure strict compliance and adherence at all times.

## 12. WHISTLEBLOWING POLICY

- i. The Company has in place a Whistleblowing Policy that applies to and provides all employees. Directors of the Group and also stakeholders or parties having a business relationship with the Group with an avenue to report on suspected improprieties.
- ii. The Policy provides a transparent, clear and robust process and procedures to enable whistleblowers to raise concerns in good faith, confidently and professionally and be protected from reprisals, retaliation, threats, intimidation, victimisation, discrimination or other unfair treatments.
- iii. The Whistleblowing Policy is made available on the Company's website at [www.annjoo.com.my](http://www.annjoo.com.my).

Refer to Appendix B

## 13. REVIEW OF BOARD CHARTER

- i. This Board Charter to be made available on the website of the Company will be reviewed periodically to ensure they remain consistent with the Board's objectives and responsibilities as well as relevant standards of corporate governance.