



## **DIRECTORS' INDEPENDENCE POLICY**

### **1. BACKGROUND AND PURPOSE**

- 1.1 The Board of Directors ("Board") of the EUPE and its subsidiaries ("Group") values independence and objectivity in its deliberation, review and decision making process, allowing for more effective oversight of management and ensure the Board decisions are made objectively in the best interest of the Company taking into account diverse perspectives and insights.

### **2. COMPOSITION OF THE BOARD**

- 2.1 At least half of the Board shall comprise Independent Directors in line with the Malaysian Code of the Corporate Governance and in compliance with Paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements").
- 2.2 In the event of any vacancy in the Board resulting in the non-compliance of paragraph 2.1 above under the Listing Requirements, the vacancy must be filled within three (3) months from the date of such vacancy.

### **3. INDEPENDENCE OF DIRECTOR**

- 3.1 A Director who is appointed to act as an Independent Director must, among others, satisfy the definition of "independent director" set out in Paragraph 1.01 and Practice Note 13 of the Listing Requirements.
- 3.2 Generality test - Directors must give effect to the spirit, intention and purpose of the said definition. If a person does not fall within any of paragraphs of Paragraph 1.01 of the Listing Requirements, it does not mean that the person will automatically qualify to be an independent director.
- 3.3 The Independent Director and the Board must still apply the test of whether the Independent Director is independent of management and free of any business or other relationships that could materially interfere with the exercise of objective, unfettered or independent judgement in the best interests of the Company.

### **4. ASSESSMENT OF INDEPENDENT DIRECTOR**

- 4.1 The Board via Nomination Committee ("NC") and assisted by the Company Secretary, shall conduct assessments on Independent Directors to determine the state of the directors' independence annually.
- 4.2 The independent directors shall also uphold the responsibility of updating the Board with any new information in relation to interests or relationships that could possibly impair their independence.



- 4.3 The Board will re-assess determinations of independence upon any such disclosure by a Director. In performing the assessments or verifying the results of an internally performed assessment, the Board may engage the services of an external consultant.
- 4.4 The tenure of an Independent Director shall not exceed a cumulative term limit of nine (9) years.
- 4.5 Upon completion of the nine (9) year term limit, the Independent Director may continue to serve on the Board as a Non-independent Director. However, where the Board is of the view that the Independent Director can continue as an Independent Director of the Company beyond the nine (9) years tenure upon its annual assessment, it must justify and seek annual shareholders' approval.
- 4.6 If the Board continues to retain the Independent Director after the twelfth (12th)-year, the Board shall undertake rigorous review to determine whether the independence of the director has been impaired and seek annual shareholders' approval through a two-tier voting process.
- 4.7 In providing justification for Paragraphs 4.5 and 4.6 above, the Directors' objectivity, commitment, contribution, experience and expertise as well as other relevant reasons shall be taken into consideration. Additional independence assessments may need to be carried out by the Board and is to be determined when the need arises.

## **5. ADMINISTRATION**

- 5.1 The Board, with NC's recommendation and with the assistance of the Company Secretary is responsible for the administration, revision, interpretation, and application of this policy. The policy will be reviewed annually and revised as needed. Any amendments made to this policy must be approved by the Board of EUPE.