

CORPORATE GOVERNANCE REPORT

STOCK CODE : 6815
COMPANY NAME : EUPE CORPORATION BERHAD
FINANCIAL YEAR : February 29, 2020

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Application	:	Applied
Explanation on application of the practice	:	<p>The Group is headed by a Board of Directors ("Board"), comprising of one (1) Independent Non-Executive Chairman, two (2) Executive Directors, three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director.</p> <p>The Board is guided by a Board Charter which sets out the roles and responsibilities of the Board and management, Board reserved matters, roles of the respective Directors, board structure and composition, authority and obligation of Directors. The Board is collectively responsible for the oversight of the strategic plans and goals of the Group, the conduct of the Company's businesses and the performance of management.</p> <p>The Board has established a Risk Management and Audit Committee ("RMAC"), a Nomination Committee ("NC") and a Remuneration Committee ("RC") and delegated specific responsibilities according to their Terms of Reference ("TOR"), to assist the Board in discharging its duties and responsibilities effectively. The Board Committees report to the Board on matters considered and their recommendations thereon. The ultimate responsibility for decisions on all matters lies with the Board.</p> <p>The Board plays an active role in the development of the Group's strategies, taking into considerations sustainability matters such as economic, environmental and social factors, to support the Group's long-term value creation, monitoring implementation and performance of those strategies.</p> <p>The Group Managing Director's ("GMD") is responsible to manage the day to day operations including the implementation and execution of business strategies of the Group. He is supported by Chief Financial Officer ("CFO") and Senior Management that comprises Head of</p>

Departments (“HOD”) of various functions as well as Head of Business Unit (“HBU”).

The Board meets at least five (5) times per annum, together with the GMD, CFO, HOD and HBU (when required) to review, deliberate and guide the management on the implementation of the Group’s strategic plans. The Board had on 27 May 2019 deliberated and approved Eupe’s 5-year Strategies and Business Plan for financial years ending 29 February 2020 until 28 February 2024, encompassing the Group’s vision and goals as well as management performance objectives and key targets.

The Board constantly reviews the Group’s businesses and the performance of the Management through Key Performance Indicators, Interim Progress Reports, Project Progress Update Report, Quarterly Financial Reports, Audited Financial Statements and 5-Years Business Plan and Business Strategies to ensure that the Group’s businesses are being properly managed and necessary resources were in place for the Group to meet its goals and targets.

The Board, via the NC, develops the criteria for the performance assessment of Key Senior Management (including GMD and Executive Director) (“KSM”). These criteria are set based on the Group’s strategies and key targets. The presence of a robust performance evaluation process as well as the efforts in place in developing the KSM team towards leadership roles are part of the Company’s efforts in succession plan.

The Board has established its authority matrix providing a framework of authority and accountability ascribed to the shareholders, the Board, the GMD and CFO in terms of governance, statutory requirements and policies, capital investment, operational, financial and human resources matters.

The Board recognises the importance in managing its risks. The Board has embraced Enterprise Risk Management (“ERM”) to develop a top-down holistic view of enterprise-wide risks through the conduct of risk assessment within the organisation. The Board delegated the implementation of the ERM framework and internal control system to the Management and tasked the RMAC with the oversight responsibility to review the adequacy and effectiveness of the ERM framework and internal control system. The ERM framework is reviewed by RMAC annually to ascertain its effectiveness.

The Board is fully committed to maintain the highest standards of corporate governance, professionalism and integrity to create and deliver long term sustainable value to its shareholders. The Board ensures that such tone on the Group’s culture and values is set at the top.

	The Board also emphasises the importance of embracing the integrity and ethical values across the organisation. The same applies to the Company's financial and non-financial reporting to ensure reliability, timeliness, transparency and compliance with the relevant standards.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is led by Datuk Tan Hiang Joo, an Independent Non-Executive Chairman, who is responsible for the leadership, integrity and effectiveness of the governance of the Board.</p> <p>The roles and responsibilities of the Chairman of the Board have been clearly specified in Paragraph 4.3 of the Board Charter, which is available on the Company's website: http://www.eupe.com.my/investor-relations.</p> <p>The Chairman's roles and responsibilities are summarised as follow:</p> <ul style="list-style-type: none">• Ensuring that the Board plays a full and constructive part in the determination of the Group's strategies and policies, and that the Board decisions taken are in the Group's best interest and fairly reflect the Board's consensus;• Managing interface between Board and management;• Presiding at Board and shareholders' meetings and ensuring the meeting proceedings comply with good conduct and practices;• Functioning as a facilitator at meetings of the Board to ensure that no board member, whether executive or non-executive, dominates discussion, that appropriate discussions takes place and that relevant opinions amongst members are forthcoming;• Ensuring that all Directors are encouraged to participate and allowed dissenting views be freely expressed at Board meetings. This includes ensuring that all relevant issues are on the agenda and that all Directors receive timely and relevant information and that they are properly briefed on issues arising at Board meetings, ensuring that adequate time is available for thorough deliberation of key issues; and• Ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole.
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure :		
Timeframe :		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.3

The positions of Chairman and CEO are held by different individuals.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges the need to have a distinction of power and responsibilities between the Chairman of the Board and the GMD, to ensure a balance of power and authority, such that no one individual has unfettered decision-making powers. Accordingly, the position of Chairman of the Board and GMD are held by two different individuals.</p> <p>The Chairman of the Board, Datuk Tan Hiang Joo leads and manages the Board, which collective responsible for the oversight of management by focusing on strategy, governance and compliance. The GMD, Dato' Beh Huck Lee manages the business and day-to-day operations of the Company and implements the Board's policies and decision.</p> <p>The role of Chairman and GMD are clearly defined in the Board Charter, which is available on the Company's website at: http://www.eupe.com.my/investor-relations.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.4

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supported by three (3) Company Secretaries, who are qualified to act as company secretary under Section 235(2) of the Companies Act 2016 ("CA 2016"). They are members of The Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA").</p> <p>The Company Secretaries play an important role in ensuring that the Company and the Board adhere to the applicable laws and regulations. Their role and functions are clearly set out in the Board Charter.</p> <p>To ensure effective functioning of the Board and Board Committees and in accordance with their terms of reference and best practices, the Company Secretaries had performed the following tasks during the financial year ended 29 February 2020 ("FY2020"):</p> <ul style="list-style-type: none">• Updated and advised the Board regularly in relation to its duties and responsibilities under the Constitution of the Company ("the Constitution") and on the changes to statutory and regulatory requirements, principles and practices of corporate governance either via email or circulation of board papers;• Assisted the Board in interpreting listing and other regulatory requirements;• Ensured that all Board and Board Committees meetings are properly organised and convened in a timely manner;• Attended all Board and Board Committees meetings and ensured that the deliberations and decisions made by the Board and Board Committees respectively are recorded and documented including any dissenting decisions by any members of the Board or Board Committees;• Ensured that records of the meeting deliberations, proceedings and resolutions passed by the Board and Board Committees are recorded, properly maintained and secured;• Worked closely with the KSM to ensure timely and appropriate information flows within the Board and Board Committees, and between the Non-Executive Directors and KSM; and• Managed processes pertaining to the Company's 23rd Annual General Meeting in line with the Constitution, CA 2016 and Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR").

	<p>In addition to the above, the Company Secretaries constantly keep themselves abreast of the regulatory changes and developments in company law, listing requirements and corporate governance through attending relevant conferences and training programmes. During the financial year, the Company Secretaries attended the relevant continuous professional development programmes as required by the Companies Commission of Malaysia or MAICSA.</p> <p>The Board is satisfied with the performance and support rendered by the Company Secretaries in discharging their functions throughout the financial year.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.5

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board meets at least quarterly, with additional meetings convened as and when necessary. The Board, Board Committees and shareholders' meetings for the financial year under review were scheduled in advance to facilitate the Directors in their planning. The annual meeting calendar is prepared and tabled at the Board meeting at the beginning of the year. The Chairman, together with the Management and the Company Secretaries, are responsible for ensuring the Directors received adequate and timely information prior to Board or Board Committee meetings.</p> <p>The Board has unrestricted access to all information to allow them discharge their duties effectively and efficiently. In order to allow ample time for the Directors to consider the relevant information, the Board meeting materials are to be circulated at least five (5) business days prior to the meeting.</p> <p>If the meeting materials was circulated to the Board less than five (5) business days due to heavy agenda, the Directors will be provided with sufficient information prior to the meetings, and the Management will summarise the discussion point with presentation slides and present during the meeting to facilitate discussion and deliberation by the Board.</p> <p>Separate reports with a brief statement of findings and/or recommendations on strategic and policy issues, major investments and major financial decisions are prepared as and when needed for Board's deliberation.</p> <p>All pertinent issues discussed at the Board and Board Committees meetings in arriving at the decisions and conclusions are recorded by the Company Secretaries in a clear, accurate, consistent, complete and timely manner.</p> <p>Minutes of the previous Board and Board Committees meetings were prepared and circulated to the Directors and Board Committees members for perusal within a month after the said meeting. The minutes records deliberations, decisions and rationale for decision as well as matters where Directors abstained from deliberation and voting,</p>

	and concerns or dissenting views, if any. The minutes are tabled and approved at the subsequent Board or Board Committees meetings.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application	: Applied
Explanation on application of the practice	<p>The Board Charter serves as a primary reference for prospective and existing Board members of their fiduciary duties as Directors of the Group, and the functions of the Board Committees. It provides an overview of how the Board leads by strategic guidance and effective oversight of the management of the Company.</p> <p>The Board Charter, which aligns with Practice 2.1 of the Malaysian Code of Corporate Governance 2017 (“MCCG 2017”), fundamental requirements of provisions in the CA 2016, MMLR, the Constitution and other applicable rules and regulations clearly sets out, among others:</p> <ul style="list-style-type: none">• the roles and responsibilities of the Board and the Management;• matters reserved for the Board;• role of the Chairman, the GMD, the Executive Director, the Non-Executive Director, the Company Secretary, and the Board Committees;• Board processes in meeting;• Board communication with shareholders and stakeholders; and• duties and responsibilities of each Board Committee and their respective TOR. <p>The Board reserved a formal schedule of matters for its decision to ensure that the direction and control of the Group are firmly vested in the Board. This includes corporate and strategic planning, formulating and monitoring Company's critical policies in particular, the risk management and system of internal control, financial reporting controls, regulatory compliance, internal and external audit control, and appointment and termination of Company Secretary and Auditors.</p> <p>The Board Charter is reviewed periodically in accordance to the needs of the Company and any new legislation and regulations that may have an impact on the Board in discharging its duties and responsibilities.</p>

	The Board Charter is available on Eupe website at http://www.eupe.com.my/investor-relations .	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application	: Applied
Explanation on application of the practice	<p>The Board has established a Code of Conduct and Ethics for the Group which articulated acceptable practices and guide on behaviours of Directors, management and employees, integrating the policies into Group-wide management practices which cover the following:</p> <ul style="list-style-type: none">• Compliance with the law and relevant rules and regulations;• Conflict of interest;• Confidentiality of information;• Safeguarding Company's properties;• Company's funds and business records;• Giving and receiving gifts and gratuities;• Preventing corruption and offering a bribe;• Intellectual Properties Rights;• Safety, Occupational Health and Environment;• Religious / Racial / Sexual Discrimination;• Outside activities and interest;• Fair and courtesy inter-personal conduct;• Dishonesty, misconduct and corrupt practices;• Money laundering and terrorism financing; and• Abuse of power. <p>This Code is based on the principles of sincerity, integrity, responsibility and corporate social responsibility. The Code is periodically reviewed by the Board as and when the need arises.</p> <p>The Directors are required to act in the best interest of the Company. The Directors also have a duty to preserve the confidentiality, in particular, the Company's confidential information.</p> <p>A Director should disclose to the Board:</p> <ul style="list-style-type: none">• Any material personal interest he/she has in a matter which relates to the affairs of the Company; and

	<ul style="list-style-type: none"> Any other interest (direct or indirect) which he/she believes is appropriate to disclose in order to avoid any conflict of interest or the perception of a conflict of interest. <p>The disclosure should be made as soon as practicable, after the Director becomes aware of his/her interest.</p> <p>The Code of Conduct and Ethics is made available on the Eupe website at http://www.eupe.com.my/investor-relations.</p> <p>In line with the implementation of new corporate liability provision under Section 17A of the Malaysian Anti-Corruption Commission Act 2009 effective from 1 June 2020, the Board had on 14 May 2020 reviewed, approved and adopted the Anti-Bribery and Anti-Corruption Policy. The policy sets out rules and guidance to Directors, KSM, employees and business associate who work for and/or act for or on behalf of the Group on how to deal with improper solicitation, requests for bribes and other corrupt activities and issues that may arise in the course of business.</p> <p>The Group will embark on anti-corruption compliance programme and corruption risk assessments on periodic basis to identify and assess corruption risks within the organisation and to develop relevant risk action plan for identified corruption risks.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board had established and implemented an Integrity Policy (Whistleblowing Policy) and Procedures with accompanying formal whistleblowing channels that provides an avenue for a whistle blower to raise concerns about fraud, malpractices, illegal acts, improper conduct and other acts or omission which is against the interest of the Group. The Chairman of the Board and/or the Chairman of the RMAC is committed to investigate and address all cases of reported misconduct and recommend action to be taken by the Board (if any). The policy underscores the Group's commitment to developing a culture of openness and honesty, where a person who is aware of a potential malpractice or misconduct is encouraged to report such matters in good faith, without fear of reprisal.</p> <p>The Integrity Policy (Whistleblowing Policy) and Procedures is made available on Eupe website at http://www.eupe.com.my/investor-relations.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.1

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board currently has seven (7) Directors, four (4) out of them are Independent Non-Executive Directors, representing 57.1% (or 4/7) of the total Board members. Their presence provides checks and balances on the Board as they are able to provide unbiased and independent views in Board deliberations and decision making, taking into account the interest of the Group and minority shareholders.</p> <p>The seven (7) Board members comprise of one (1) Independent Non-Executive Chairman, two (2) Executive Directors, three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director.</p> <p>In the event of any vacancy on the Board which resulting in non-compliance with the requirement, the Board will ensure such vacancy be filled within 3 months.</p> <p>The Board has also formalised and put in place a Directors' Independence Policy which gives a framework to guide and govern the Independent Non-Executive Directors and their objectivities.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.2

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

Application	:	Applied - Two Tier Voting									
Explanation on application of the practice	:	<p>The INED may continue to serve on the Board as Non-Independent Non-Executive Director upon completion of the nine-year cumulative term. Where the Board intends to retain the INED beyond nine (9) years, it must justify and seek annual shareholders' approval. If the Board continues to retain the INED after the twelfth year, the Board shall seek annual shareholders' approval through a two-tier voting process.</p> <p>There are two (2) INEDs of the Company who have served in the position for a cumulative term of more than twelve (12) years as of to-date, namely, Datuk Tan Hiang Joo and Ms. Kek Jenny. Their length of services with Eupe are as follows:</p> <table border="1"><thead><tr><th>Name of Director</th><th>Date of First Appointed to the Board of Eupe</th><th>Length of Services (as at 25 June 2020)</th></tr></thead><tbody><tr><td>Datuk Tan Hiang Joo</td><td>19 May 1997</td><td>23 years and 1 month</td></tr><tr><td>Kek Jenny</td><td>28 March 2002</td><td>18 years and 3 months</td></tr></tbody></table> <p>The Board and NC had, in accordance to the procedures set out in the Selection and Appointment of Non-Executive Directors Policy, conducted evaluation of the above-named Directors through Independent Directors' Self-Assessment Checklist based on, among others, the following criteria:</p> <ul style="list-style-type: none">the criteria under definition of "Independent Director" set out in Paragraph 1.01 and Practice Note 13 of the MMLR; andINEDs' tenure, background, skills set, independence judgement and ability to act in the best interest of the Company. <p>Following the assessment by the NC and deliberation by the Board, the Board had recommended for the continuation of Datuk Tan Hiang Joo and Ms. Kek Jenny to continue to act as INED of the Company subject to shareholders' approval through a two-tier voting process at the</p>	Name of Director	Date of First Appointed to the Board of Eupe	Length of Services (as at 25 June 2020)	Datuk Tan Hiang Joo	19 May 1997	23 years and 1 month	Kek Jenny	28 March 2002	18 years and 3 months
Name of Director	Date of First Appointed to the Board of Eupe	Length of Services (as at 25 June 2020)									
Datuk Tan Hiang Joo	19 May 1997	23 years and 1 month									
Kek Jenny	28 March 2002	18 years and 3 months									

	<p>forthcoming Annual General Meeting (“AGM”) of the Company based on the following justifications:-</p> <ul style="list-style-type: none"> i. They had fulfilled the criteria under the definition of Independent Directors as stated in the MMLR. They possess strong self-esteem and confidence to stand up for an independent point of view. With “independent in mind”, they would be able to bring the element of objectivity, independent judgement and balance to the Board; ii. They are knowledgeable and have applied their vest experience and exercised due care during their tenure as INEDs of the Company. They have carried out their duties with reasonable skill and competence, bringing independent judgement and depth into the Board’s decision making in the best interest of the Company, shareholders and stakeholders; iii. They have been with the Company long and therefore understand the Company’s business operations which enable them to participate actively and contribute during Board and Board Committee meetings; and iv. They exhibited high commitment and devoted sufficient time and efforts to attend all of the meetings for informed and balanced decision making. They are unafraid to explicit disagreement on matters and able to express unbiased view without any influence. <p>Overall, the Board believes that the above Directors possess the right balance of experience, expertise, skills and competencies to contribute strong independent judgement and check and balance to the Board with their unbiased and independent views to foster greater objectivity in the boardroom.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.3 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.4

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board strongly endorses diversity as it is of the view that a diversified Board provides constructive debate and discussion which lead to greater effectiveness, creativity and capacity to thrive in a challenging and uncertain business environment. The Board takes into consideration and aims to make good use of the differences in the skills regional and industry experience, background, race, gender and other qualities of its Directors.</p> <p>The Board is committed in ensuring that the Senior Management of the Company possess a broad balance of skills, knowledge, experience, age, cultural background, independence and diversity, including gender diversity.</p> <p>The Board also strives to ensure that there is no discrimination on age, gender, ethnicity and cultural background when deciding candidates on the composition of the Board and in Senior Management team.</p> <p>The NC is delegated with the responsibility of assessing and considering suitable candidates for the appointment of Board and Senior Management taking into consideration their skills, experience, age, cultural background, gender, capabilities, professionalism, integrity, expertise and experience. For the position of Independent Directors, the NC will also evaluate the candidates' ability to discharge such responsibilities or functions that are expected from an Independent Directors.</p> <p>The Board had adopted a Board and Senior Management Diversity Policy to ensure that the drive of Board's effectiveness by creating diversity perspective among Directors and Senior Management. The said Policy is accessible on Eupe website at http://www.eupe.com.my/investor-relations.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application	:	Applied																										
Explanation on application of the practice	:	<p>As explained in Practice 4.4 above, the Company strongly endorses diversity within the Board and across the Company as it is of the view that a diversified Board and Senior Management has the prospects of achieving greater effectiveness, creativity and capacity to thrive in a challenging and uncertain business environment.</p> <p>The Company had set to have a target of at least one (1) woman Director on the Board. The target has been met as currently the Board has two (2) women Directors namely Ms. Kek Jenny and Ms. Beh Yeow Seang, representing 28.6% of the Board's composition.</p> <p>The existing Directors' age distribution falling within the respective age group is as follows:</p> <table border="1"> <thead> <tr> <th>Age Group</th> <th>41-49 years</th> <th>50-59 years</th> </tr> </thead> <tbody> <tr> <td>Number of Directors</td> <td>2 (29%)</td> <td>5 (71%)</td> </tr> </tbody> </table> <p>The current diversity in the race/ethnicity and nationality of the existing Board are detailed below:</p> <table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="4">Race / Ethnicity</th> <th colspan="2">Nationality</th> </tr> <tr> <th>Malay</th> <th>Chinese</th> <th>Indian</th> <th>Other</th> <th>Malaysian</th> <th>Foreigner</th> </tr> </thead> <tbody> <tr> <td>Number of Directors</td> <td>2</td> <td>5</td> <td>-</td> <td>-</td> <td>7</td> <td>-</td> </tr> </tbody> </table> <p>In tandem with the Company's aspiration to attain diversity workforce, the Company had codified a Board and Senior Management Diversity Policy.</p>	Age Group	41-49 years	50-59 years	Number of Directors	2 (29%)	5 (71%)		Race / Ethnicity				Nationality		Malay	Chinese	Indian	Other	Malaysian	Foreigner	Number of Directors	2	5	-	-	7	-
Age Group	41-49 years	50-59 years																										
Number of Directors	2 (29%)	5 (71%)																										
	Race / Ethnicity				Nationality																							
	Malay	Chinese	Indian	Other	Malaysian	Foreigner																						
Number of Directors	2	5	-	-	7	-																						
Explanation for departure	:																											
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>																												

Measure :		
Timeframe :		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

Application	:	Applied
Explanation on application of the practice	:	<p>The procedures for selection and appointment (including re-election / re-appointment) on Non-Executive Directors (“NED”) are set out in Selection and Appointment of NEDs Policy (“Appointment Policy”).</p> <p>The NC is guided by the Appointment Policy in carrying out its responsibilities in respect of the nomination, selection and appointment process in Eupe.</p> <p>While the Board is responsible for the appointment of new Directors, the NC is delegated with the role of screening and conducting an initial selection, which includes an external search, before making a recommendation to the Board. The NC has the authority to obtain the services of professional recruitment firms to source for candidates for directorship or seek independent professional advice whenever necessary.</p> <p>Nominees to the Board are first considered by the NC, taking into account the mix of skills, competencies, experience and other qualities required to discharge their duties and responsibilities before recommending their appointment as Directors to the Board for approval. The NC will also rely on recommendations from various sources i.e. from existing Board Member, management or major shareholders as well as independent sources to identify potential qualified candidates.</p> <p>To ensure that Directors have sufficient time to fulfil their roles and responsibilities effectively, the criterion as agreed by the Board is the candidate shall not sit on the boards of more than five (5) public listed companies (as prescribed in Paragraph 15.06 of the MMLR).</p> <p>The NC shall recommend the suitable candidate together with the assessment to the Board for its consideration and approval.</p> <p>In accordance with the Company’s Constitution, all newly appointed Directors shall retire from office but shall be eligible for re-election at the AGM subsequent to their appointment. It further provides that at least one-third of the Directors for the time being shall retire by rotation at each AGM at least once in every 3 years but shall be eligible for re-election.</p>

	There was no new appointment of Director during the financial year under review.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.7

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Applied
Explanation on application of the practice	:	<p>The NC of the Company is chaired by Ms. Kek Jenny, an Independent Non-Executive Director.</p> <p>In discharging her duties as the Chairperson of the NC, she undertakes to perform, amongst others: -</p> <ul style="list-style-type: none">▪ Leading the overall assessment of the contribution, effectiveness and performance of the Board, Board Committees and individual Director as well as the performance of KSM;▪ Leading the nomination, election and appointment of Board members and Board Committee, the re-appointment and re-election of existing Directors to the Board; and▪ Leading the review and recommendation to the Board regarding the TOR of NC.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

Application	:	Applied
Explanation on application of the practice	:	<p>The annual assessment of the Directors is an on-going responsibility of the NC and the entire Board. During the financial year under review, the NC facilitated by the Company Secretaries, had conducted a formal and objective internal annual assessment of performance of the Board, as a whole, the Board Committees and individual Directors, based on self and peer assessment approach through customised questionnaires evaluation form. The assessment covers the size and composition of the Board as well as skill mix, industry experience, roles and responsibilities, and effectiveness. No external facilitator has been used.</p> <p>Below are the criteria used to assess Board, Board Committees and individual Directors respectively during the financial year.</p> <p>a) Directors' self-assessment</p> <ul style="list-style-type: none">• Fit and proper;• Professional conduct, qualification, knowledge and experience;• Contribution and performance – ability to give input at meetings and demonstrate high level of professionalism and integrity in the decision-making process;• Calibre and personality;• Industry experience;• Quality input; and• Understanding of roles and commitment. <p>b) Board and Board Committees' assessment</p> <ul style="list-style-type: none">• Board mix and composition;• Quality of information and decision making• Boardroom activities;• Board relationship with the Management;• Board Chairman's role;• Board skill sets; and• Financial literacy of the RMAC members. <p>c) Independent Directors' self-assessment</p>

- The criteria of “independence” used in the definition of the “independent directors” prescribed under the MMLR and MCCG 2017.

The results of the assessments are compiled by the Company Secretaries for deliberation and recommendation at NC meeting and the NC will subsequently table the outcome to the Board for their consideration.

Based on the recent assessment for FY2020, the Board was satisfied that the overall performance of the Directors was within expectation whilst the Board and Board Committees had discharged their duties effectively and have the right balance, size and composition in terms of mix of skills, knowledge experience and professional background. No changes to the composition of the Board nor Board Committees were required.

Trainings attended by the Board during FY2020 included:

1. Enterprise Risk Management (ERM) – Maximising its impact to organisation;
2. Understanding cybersecurity threats and its impact to businesses;
3. Understanding of risks and implications associated with the “Sustainability” theme for Eupe development projects;
4. National Tax Seminar 2019; and
5. Suing the Revenue – Essential Tax Law Principles for Malaysian Lawyers;
6. The New Currency Going Cashless;
7. Revolutionising Business Through Blockchain;
8. Corporate Liability Act - Protection for Company; and
9. Corporate Governance: New Perspectives & Developments for Board of Directors & Secretaries.

The Board requires all members to devote sufficient time to the working of the Board, to effectively discharge their duties as Directors, and to use their best endeavours to attend the meetings.

The Board meetings as well as the Board Committee meetings are scheduled in advance before the end of each financial year so as to enable the Directors to plan accordingly and fit the year’s meeting into their schedules. Special Board meetings may be convened to consider urgent proposals or matters that require expeditious decision or deliberation by the Board.

During FY2020, there were six (6) Board meetings and eight (8) Board Committees’ meetings held as follows:

Directors	Attendance in meeting of			
	Board	RMAC	NC	RC
Datuk Tan Hiang Joo	5/6	-	-	0/1
Dato’ Beh Huck Lee	6/6	-	-	-

		Muhamad Faisal bin Tajudin	6/6	-	-	-
		Alfian bin Tan Sri Mohamed Basir	6/6	5/5	-	-
		Iskandar Abdullah @ Sim Kia Miang	6/6	5/5	2/2	1/1
		Kek Jenny	5/6	4/5	2/2	1/1
		Beh Yeow Seang	6/6	-	2/2	-
		Dato' Paduka Haji Ismail bin Haji Shafie (Resigned w.e.f. 16 January 2020)	2/5	2/5	-	-
		<p>The Board recognises that it is important that all Directors should be able to dedicate sufficient time to the Company to discharge their responsibilities. The Board Charter provides that all Board members shall notify the Chairman of the Board before accepting new directorship which shall include an indication of time that will be spent on the new appointment. In addition, the Board reviews annually the contributions required from the Directors and whether they are spending sufficient time performing their responsibilities. At present, no Directors have more than five (5) directorships at any one time.</p> <p>All Directors have confirmed to the Company that they have given sufficient time and attention to the Company's affairs throughout the FY2020.</p> <p>Based on the results of the assessment, the Board is satisfied with the level of commitment as well as the diverse perspectives of the Directors in fulfilling their roles and responsibilities as Directors of the Company.</p>				
Explanation for departure	:					
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>						
Measure	:					
Timeframe	:					

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

Application	: Applied
Explanation on application of the practice	<p>With the aim to support Company's long-term objectives and create a strong performance orientated environment to be able to attract, motivate and retain the high performing Directors and/or Senior Management, the Board has formalised a Directors' and Senior Management's Remuneration Policy.</p> <p>Among others, the key features of the policy are as follows:</p> <ul style="list-style-type: none">• Key principles in determining the remuneration and its scope;• Policy on salaries of Executive Directors and Senior Management;• Policy on Other Benefits (Non-Cash Benefit) for the Executive Directors and Senior Management; and• Policy on remuneration of Non-Executive Directors. <p>Broadly, the Directors' remuneration packages are structured based on the level of experience or responsibility undertaken by the respective Directors and benchmarked against market competitiveness.</p> <p>The remuneration packages of the Executive Directors are aligned with the business strategy and performance of the Company and are tailored to attract, retain and motivate the Directors of the quality required to manage the business of the Company.</p> <p>In deciding on the appropriate level of fees and/or allowances for each Non-Executive Director, the Board takes into consideration, the experience, the level of responsibilities undertaken, time commitment required in attending both the scheduled and special Board meetings, deliberation time required for Board papers as well as the number of memberships assumed on Board Committees.</p> <p>Any review or change to the existing package will be deliberated upon by the Board as a whole. The Directors will abstain from the deliberation of their individual remuneration.</p>

	<p>The Company's policies and procedures in determining the remuneration of Senior Management are taking into consideration their roles and responsibilities, individual skills, experience, competency as well as their performance against pre-set business objectives and key performance indicators.</p> <p>The Directors' fees and benefits, which had been reviewed by the RC, are recommended by the Board to the shareholders for approval at the AGM.</p> <p>The Directors' and Senior Management's Remuneration Policy is made available on the Eupe website at http://www.eupe.com.my/investor-relations.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	:	Applied		
Explanation on application of the practice	:	The Board had established a RC that consists of exclusively Independent Non-Executive Directors, as follows:		
		Name	Designation in RC	Directorship
		Datuk Tan Hiang Joo	Chairman	Independent Non-Executive Chairman
		Iskandar Abdullah @ Sim Kia Miang	Member	Independent Non-Executive Director
		Kek Jenny	Member	Independent Non-Executive Director
		The RC reviews and recommends the remuneration of the Executive Directors and Senior Management for the Board's approval pursuant to the TOR of RC as well as the remuneration of Non-Executive Directors for shareholders' approval. The TOR of RC is available on Eupe website at http://www.eupe.com.my/investor-relations .		
Explanation for departure	:			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>				
Measure	:			
Timeframe	:			

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application	:	Applied	
Explanation on application of the practice	:	The remuneration of Directors is disclosed on named basis in page 48 of the Company's Annual Report 2020, which is accessible by shareholders. The remuneration breakdown of Directors includes fees, salary, bonus, defined contribution, allowances and others.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board did not disclose on a named basis the top five (5) Senior Management's remuneration in band of RM50,000 in order to allay valid concerns on invasion of staff confidentiality and the Company's ability to retain right talented Senior Management in view of the competitive employment environment in particular for the Group's property business.</p> <p>The total remuneration paid to employees are made available in the Note 36 to the Audited Financial Statements for the financial year ended 29 February 2020, which allows shareholders to make an appreciable link between the Company's overall remuneration structure and the Company's performance.</p> <p>The Board ensures that the remuneration of the Senior Management commensurate with their individual performances and level of responsibility as well as the demand, complexities and performance of the Company, with due consideration to attract, retain and motivating the Senior Management.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.3 - Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 8.1

The Chairman of the Audit Committee is not the Chairman of the board.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Chairman of RMAC is distinct from the Chairman of the Board.</p> <p>The Chairman of the Board is Datuk Tan Hiang Joo, an Independent Non-Executive Director who is a practicing lawyer.</p> <p>The RMAC Chairman is Encik Iskandar Abdullah @ Sim Kia Miang, an Independent Non-Executive Director who is a Fellow of the Institute of Chartered Accountants in England and Wales.</p> <p>Having the position of Board Chairman and Chairman of the RMAC assumed by different individuals allows the Board to objectively review the RMAC's findings and recommendations.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee’s findings and recommendations. The company’s financial statement is a reliable source of information.

Practice 8.2

The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

Application	:	Applied	
Explanation on application of the practice	:	<p>None of the members of the Board or the RMAC had been associated with nor have held any senior leadership position with the Group’s external auditors in the past two (2) years.</p> <p>The Board recognises the need to uphold the independence of the external auditors from the Board and Management. The TOR of RMAC specifically sets out the requirement for a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of RMAC.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognised the value of an effective RMAC to ensure the integrity in reporting and reliability of audit quality in assisting the investors to make informed decision. The Board has put in place the External Auditors Policy and Procedures to assess the suitability, objectivity and independence of the external auditors, which covers the following:</p> <ul style="list-style-type: none">a. Selection, appointment, re-appointment and removal of external auditors;b. Independence;c. Types of non-audit services that are prohibited and limits to the level of fees for non-audit services rendered by the external auditors;d. Rotation of audit partner;e. Appointment of a former key audit partner as a member of the RMAC;f. Audit reporting process; andg. Criteria of annual assessment. <p>Guided by its TOR, the RMAC had on 28 May 2019 assessed the external auditors, RSM Malaysia on their quality of services, sufficiency of resources, communication and interaction, and independence, objectivity and professional scepticism.</p> <p>Based on the assessment results, the RMAC was satisfied with the suitability of RSM Malaysia in terms of the professional staff assigned to the audit, the quality of services and sufficiency of resources provided to the Group.</p> <p>Based on the recommendation of the RMAC and having regard to the outcome of the annual assessment of the external auditors, the Board had recommended and sought approval of shareholders at the 23rd AGM to re-appointment of RSM Malaysia as the external auditors of the Company for the financial year under review.</p> <p>For further details, please refer to the RMAC Report in page 58 of the Annual Report 2020.</p>

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted		
Explanation on adoption of the practice	:	The RMAC comprise solely Independent Directors as follows:		
		Name	Designation in RMAC	Directorship
		Iskandar Abdullah @ Sim Kia Miang	Chairman	Independent Non-Executive Director
		Kek Jenny	Member	Independent Non-Executive Director
		Alfian bin Tan Sri Mohamed Basir	Member	Independent Non-Executive Director

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman of RMAC is a Fellow of the Institute of Chartered Accountants in England and Wales while both RMAC members are Members of the Malaysian Institute of Accountants.</p> <p>All members of the RMAC are financially literate. They are capable of providing sound advice to the Board not only in terms of financial reporting but also on internal audit and the state of the Group's risk and internal control environment.</p> <p>The RMAC meets every quarter to review the integrity and reliability of the Group's unaudited quarterly financial statements and once a year review the annual audited financial statements, Directors' report, and auditors' report prior to recommending them for the Board's approval. The members of the RMAC continuously apply critical and probing view on the Company's financial reporting process, transactions and other financial information, and effectively challenge Management's assertions on the Company's financial during the RMAC meetings.</p> <p>The RMAC, also through discussion with Senior Management, analysed the Group's income and expenditures against previous corresponding period and also against immediate preceding quarter, quarter to quarter as well as year to date, and seeks explanations from Management on financial performance.</p> <p>In addition, the RMAC also received assurance from the CFO and the external auditors that the financial statements are prepared in full compliance with Malaysian Financial Reporting Standards (MFRS) and disclosures as per MMLR and, give a true and fair view of the financial position of the Group.</p> <p>For the financial year under review, the performance and effectiveness of the RMAC and each of its members had been evaluated by the NC concurrently with the annual Board assessment. The Board, via NC was</p>

	<p>satisfied that the RMAC members who possess the required knowledge, experience, expertise and skills had contributed to the overall effectiveness of the RMAC and discharged their functions, duties and responsibilities constructively.</p> <p>All RMAC members are aware of the need to continuously develop and increase their knowledge in the area of accounting and auditing standards, given the changes and development in this area from time to time. In line with this, the RMAC members have made continuous efforts in keeping themselves abreast of relevant developments by attending trainings. Apart from continuous training, the RMAC also received periodic updates on new accounting standards from external auditors during RMAC meetings.</p>	
<p>Explanation for departure</p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.1

The board should establish an effective risk management and internal control framework.

Application	:	Applied
Explanation on application of the practice	:	<p>Recognising the importance of risk management, the Board had formalised a structured ERM framework to identify, evaluate, control, monitor and report the principal business risk faced by the Group.</p> <p>The Board has outsourced its internal audit function to an independent professional firm which reports directly to the RMAC. The scope of work covered by the internal audit function during the financial year under review is provided in the Directors' Statement on Risk Management and Internal Control of the Company.</p> <p>Processes are put in place to ensure that the full risk management assessment includes a comprehensive risk management framework that identifies and locates specific risks within a risk matrix. The matrix provides a framework which will prioritise the potential impact of each risk to the operations of specific divisions and the Group in general, and set out strategies which the Group can implement to manage each of the risk identified. The review of the Group's risk management and internal controls is an on-going process, designed to manage risks that may impede the achievement of the Group's business objective rather than to eliminate these risks.</p> <p>Risk identification and mitigation strategies are developed by the Group's ERM consultants in consultation with Senior Management. These are in turn provided by the ERM consultant to the RMAC for their review, analysis and approval.</p> <p>For further information, please refer to the Directors' Statement on Risk Management and Internal Control of the Company in page 52 of the Company's Annual Report 2020.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company’s objectives is mitigated and managed.

Practice 9.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors is committed to nurture and maintain a sound risk management framework and system of internal control throughout the Group.</p> <p>Through RMAC, the Board oversees the risk management matters of the Group, which include identifying, managing and monitoring, treating and mitigating significant risks across the Group. The RMAC, also assists the Board to fulfil its responsibilities with regard to the risk governance and risk management in order to manage the overall risk exposure of the Group.</p> <p>The RMAC reviews and recommends for the Board’s consideration and approval, the risk management principles, frameworks and policies for managing risks within the Group. The RMAC also monitors and assesses the risk appetite and risk tolerance of the Group, so as to safeguard the shareholders’ investment and the Group’s assets.</p> <p>The Directors’ Statement on Risk Management and Internal Control in the Annual Report 2020 outlines the Group’s risk management framework and its state of internal control.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application	:	Applied
Explanation on application of the practice	:	<p>Eupe has outsourced its internal audit function to an independent professional firm which reports directly to the RMAC.</p> <p>The internal audit function undertakes an independent assessment on the internal control system of the Group on a quarterly basis and provides assurance to the RMAC that no material issue or major deficiency has been noted which would pose a high risk to the overall system of internal control under review.</p> <p>To ensure that the responsibilities of internal auditors are fully discharged, the RMAC reviews:</p> <ul style="list-style-type: none">a. the adequacy of the scope, functions, competency, experience and resources of the internal audit function and that it has the necessary authority and resources to carry out its work;b. the internal audit plan and processes, results of the internal audit assessment, investigations undertaken and whether or not appropriate action is taken on the recommendations for improvements;c. the adequacy and effectiveness of the internal control system and the efficiency of the Group's operations and efforts taken to reduce the Group's financial, operational, controls and compliance risks;d. major audit findings, reservations or material weaknesses and the Management's response and actions undertaken to resolve the audit issues reported during the year and other activities as authorised by the Board;e. the appointment or re-appointment of the internal auditors and if appropriate, recommend to the Board for approval; andf. the annual performance assessment of Internal Auditors including suitability, objectivity and independence of internal auditors. <p>For further details, please refer to RMAC Report in page 58 of the Annual Report 2020.</p>
Explanation for departure	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The Group's internal audit function, which reports directly to the RMAC, is outsourced to Axcelasia Columbus Sdn. Bhd., an independent professional services provider whose principal responsibility is to undertake systematic reviews on internal controls and risk management framework every quarter, to provide reasonable assurance that the system and framework continue to operate effectively and efficiently.</p> <p>The engagement Executive Director is Mr Mah Siew Hoong who has diverse professional experience in internal audits, risk management and corporate governance advisory. He is a Chartered Member of the Institute of Internal Auditors Malaysia, a member of the Malaysian Institute of Accountants and a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom. Mr Mah is a Certified Internal Auditors (USA) and has a Certification in Risk Management Assurance (USA).</p> <p>The number of staff deployed for the internal audit reviews was 3 to 4 staff per cycle including the engagement Executive Director. The staff involved in the internal audit reviews possess professional qualification and/or a university degree. Most of them are members of the Institute of Internal Auditors Malaysia. The internal audit staff on the engagement are free from any relationships or conflicts of interest, which could impair their objectivity and independence during the course of their work.</p> <p>The internal audit function has been carried out on a risk-based approach and was guided by the International Professional Practice Framework ("IPPF"). The scope of internal audit is decided and agreed upon after having considered the risk profiles of each business units of the Group.</p>
Explanation for departure	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company maintains an open communications policy with its shareholders and stakeholders, and welcomes feedback from them. Whenever deemed appropriate, the Board or the relevant management personnel will respond to their queries or opinions.</p> <p>The Company has in place a Corporate Disclosure Policy which serves as a guide to determination and dissemination of sensitive and material information to investors, stakeholders, local media, the investing public and other relevant persons in line with the applicable legal and regulatory requirements.</p> <p>The communication channels used in the Company's engagement with its shareholders and stakeholders include:</p> <ul style="list-style-type: none">• company's website;• announcement to Bursa Malaysia Securities Berhad;• Annual Report;• general meetings• newsletter; and• dialogues with investors, analysts and media briefings (as appropriate). <p>Investors and members of the public who wish to assess or seek clarifications on corporate and financial information such as the quarterly announcement of the Group's financial results, announcements and disclosures made pursuant to the disclosure requirements of MMLR and other corporate information and events related to the Group can also contact the Company through the followings:</p> <p>Phone : +604 441 4888 (Sungai Petani , Kedah) +603 7610 0636 (Kota Damansara, Selangor)</p> <p>Fax : +604 441 4548 (Sungai Petani, Kedah) +603 7610 0651 (Kota Damansara, Selangor)</p> <p>Email : enquiry@eupe.com.my</p> <p>Website : eupe.com.my</p>

	<p>The AGM serves as principal avenue for the Board to engage and interact with shareholders and investors as well as to address their concerns, where necessary. The Company encourages shareholders' active participation to gain insights on the Group's strategy direction, business operations and performance. The Chairman and other Board members together with the Senior Management and the Company's external auditors are also present at the AGM to response to shareholders' concerns and queries.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Currently, the Group has yet to adopt an integrated reporting as the Company is not a Large Company as defined under the MCCG 2017.	
		At present, the Board is of the view that the Company's annual report is comprehensive enough for stakeholders to make an informed decision. The current annual report provides stakeholders with a fairly comprehensive overview on the Company's financial and non-financial information. Information such as future prospect, Management Discussion and Analysis, Review of Operations, Sustainability Report, Corporate Governance Overview Statement and Statement on Risk Management and Internal Control form an integral part of the non-financial information.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Board will continuously evaluate the sufficiency of the financial and non-financial information made available to the stakeholders to make informed decision.	
Timeframe	:	Others	On going

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied	
Explanation on application of the practice	:	<p>The notice of the upcoming Annual General Meeting (“AGM”) in 2020 was served to shareholders at least twenty-eight (28) days before the date of AGM, well in advance of the 21-day requirement under the CA 2016 and MMLR. The additional time given to the shareholders allows them to make the necessary arrangements to attend and participate in person or through corporate representative, proxies or attorneys. More importantly, it provides shareholders sufficient time to go through the annual report and information supporting the resolutions proposed.</p> <p>The explanatory notes to the notice of the AGM had provided detailed explanations for each resolution proposed such as re-election/retirement of Directors and Directors’ remuneration to enable shareholders to make informed decision in exercising their voting rights.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied
Explanation on application of the practice	:	<p>All the Directors, Senior Management and External Auditors attended the 23rd AGM of the Company held on 25 July 2019 to provide meaningful responses to questions raised.</p> <p>The proceeding of the 23rd AGM included the GMD's speech on the Group's business operations and highlights of the milestones achieved for the FY2019 and the current and future prospect of the Group, presentation of the CFO on the Group's 3-year Financial Performance Highlights, segmental revenue, pre-tax profit and also the financial achievement, the presentation of the external auditors' unqualified report to the shareholders, and a Question & Answers session during which the Chairman invited shareholders to ask question regarding the resolutions being proposed before putting a resolution to vote as well as matters relating to the Company's operation in general. All queries raised by shareholders during the AGM were clarified and explained by the Board and Senior Management.</p> <p>All the resolutions set out in the Notice of the 23rd AGM were put to vote by poll and were duly passed. The outcome of the AGM was announced to Bursa Securities on the same day.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>As present, Eupe has only approximately 3,700 shareholders in its record of depositors. The attendance of the shareholders during the 2019 AGM consistently representing approximately 54% of the total shareholdings of the Company. As such, the Board is of the view that voting in absentia and remove shareholders' participation at general meetings are currently not warranted.</p> <p>Notwithstanding that, the Board has taken necessary steps to provide maximum opportunity for shareholders to participate at the general meeting by convening its AGM at the central town of Kedah which is easily accessible by shareholders and at a convenient time. Further, the Company had adopted electronic polling system of voting during 23rd AGM held on 25 July 2019. Shareholders that are unable to attend the AGM may appoint any person(s) as their proxies to attend, participate, speak and vote in his/her stead at the AGM.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Others

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT
CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

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