



BOARD CHARTER



1. PREAMBLE

- 1.1 The enhancement of corporate governance standards is vital towards achieving the objectives of transparency, accountability and effective performance for Eupe Corporation Berhad (“Eupe” or the “Company”) and its subsidiaries (the “Group”). It is with the aim of enshrining concepts of good governance as promulgated in the Malaysian Code on Corporate Governance (the “MCCG”) that this Board Charter (the “Charter”) is established.
- 1.2 The Charter serves as a reference point for Board activities and should not be construed as a blueprint for Board operations. Just as each organisation has its own corporate culture, the dynamics of each Board are unique shift as the composition of the Board changes. The Directors of the Company should always be open to new opportunities and be ready to confront new challenges brought about by the changes.
- 1.3 This Charter is designed to provide guidance and clarity for Directors and Management with regard to the role of the Board and its committees, the requirements of Directors in carrying out their stewardship role and in discharging their duties towards the Company as well as the Board’s operating practices.

2. INTERPRETATION

- 2.1 In this Charter:

“Act” means the Companies Act 2016;

“Board” means the Board of Directors of the Company.

“Business” means the business of the Company and all its subsidiaries and associated companies.

“Chairman” means the Chairman of the Board and is used in a gender-neutral sense.

“Company Secretary” means the Board secretary or the person(s) normally exercising the functions of a Board secretary.

“EDs” means the Executive Directors of the Company.

“Independent Director” is defined in accordance with Paragraph 1.01 of the Bursa Malaysia Securities Berhad (“Bursa Securities”) Listing Requirements.

“Listing Requirements” means the Main Market Listing Requirements of Bursa Securities.

“Management” means the management personnel of the Company.



“Senior Management” means senior management staff, who shall be primarily responsible for, among others, running the Group’s business operations, management of corporate and financial affairs and who shall report directly to the Managing Director or Chief Executive Officer.

3. ROLE OF THE BOARD

- 3.1 The Board is collectively responsible for the long-term success of the Company and of the Group and the delivery of sustainable value to its stakeholders, governing and setting the strategic direction of the Company and of the Group while exercising oversight on Management and plays a critical role in setting the appropriate tone at the top, providing thought leadership and championing good governance and ethical practices throughout the Company by maintaining high standards of transparency, accountability and integrity.
- 3.2 All directors should objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company. Every director is required to keep abreast of his/ her responsibilities as a director and of the conduct, business activities and development of the Company.
- 3.3 To enable the Board to discharge its responsibilities in meeting the goals and objectives of the Company, the Board should, among others:
 - 3.3.1 review and ensure that the strategic plan and direction of the Group supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
 - 3.3.2 together with Senior Management, promote good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour;
 - 3.3.3 oversee the conduct of the Group’s businesses, and assess the performance of the Management to determine whether the business is being properly managed;
 - 3.3.4 review, challenge and decide on Management’s proposals for the Group, and monitor its implementation by Management;
 - 3.3.5 ensure that Senior Management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of Board and Senior Management;
 - 3.3.6 ensure a shareholder communications policy and procedure is in place to enable effective communication with stakeholders;
 - 3.3.7 understand the principal risks of the Group’s business and set the risk appetite within which the Board expects Management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate and monitor significant financial and non-financial risks, and ensure the implementation of appropriate internal controls and mitigation measures;



- 3.3.8 review and ensure the adequacy and the integrity of the Group's risk management framework and internal control systems;
 - 3.3.9 ensure the integrity of the Company's financial and non-financial reporting (it is the duty of every Director to read the financial statements of the Group and carefully consider whether what they disclose is consistent with the Director's own knowledge of the Group's affairs);
 - 3.3.10 establish a Directors' Code of Conduct and Ethics ("Code") and to initiate action should they believe that the Code has been breached; and
 - 3.3.11 uphold ethical business practice, corporate social responsibility, long-term sustainability and good corporate governance.
- 3.4 The Board reserves a formal schedule of matters (**Appendix I**) including demarcation of responsibilities between the Board, Board Committees and management for its decision to ensure that the direction and control of the Company are firmly vested in the Board.
- 3.5 In overseeing the conduct of the Group's businesses, the Board shall ensure that an appropriate financial planning, operating and reporting framework as well as an embedded risk management and internal control framework are established. Elements under this combined framework include the operating plan and budget, financial statements, divisional strategic/performance reviews reports and risk management reports.

4. BOARD STRUCTURE

- 4.1 Board Composition
 - 4.1.1 The Board shall be chaired by an Independent Non-Executive Director, supported by the Group Managing Director ("Group MD").
 - 4.1.2 The positions of the Chairman and Group MD of the Company, by whatever name called, and whether or not he is a director, are held by different individuals and clearly defined.
 - 4.1.3 At least two (2) members or one-third (1/3) of the Board, whichever is the higher, should consist of Independent Directors and at least one (1) Director is a woman.
 - 4.1.4 In the event of any vacancy in the Board resulting in the non-compliance of Section 4.1.3 above, the vacancy must be filled within three (3) months from the date of such vacancy.
 - 4.1.5 The Company's Constitution allows a minimum of two (2) and a maximum of eleven (11) Directors on the Board. The Board shall from time to time examine its size with a view to determine the impact of its number upon its effectiveness.



- 4.1.6 The Board shall consist of the right group of people with an appropriate mix of skills, knowledge, character, experience, age, cultural background, and gender diversity. Other merits such as integrity, competence and time commitment should be considered when recommending candidates for appointment as directors to the Board. The composition of the Board shall be guided by the Board and Senior Management Diversity Policy, set out in **Appendix II**.
- 4.1.7 A Director shall not sit on the boards of more than five (5) listed issuers. Before accepting any new directorship in other listed issuers, the Directors shall notify the Chairman of the Board, the notification of which shall include an indication of time that will be spent on the new appointment.
- 4.1.8 A Director may appoint a person to act as his alternate provided that:
- (i) such person is not a Director of the Company;
 - (ii) such person does not act as an alternate for more than one Director of the Company;
 - (iii) the appointment is approved by a majority of the other members of the Board; and
 - (iv) any fee paid by the Company to the alternate shall be deducted from that Director's remuneration.
- 4.2 Election of Directors and Tenure of Independent Directors
- 4.2.1 To enhance the Board's effectiveness, the Nomination Committee is entrusted by the Board to appraise candidates for directorship, to ensure Directors have the appropriate skills, experience, knowledge, expertise and time commitment, including those who retire and offer themselves for re-election via a customised questionnaire and fit and proper considerations, before recommending to the Board.
- 4.2.2 Pursuant to the Company's Constitution, one-third (1/3) of the Directors, or if the number is not a multiple of three, the number nearest to one-third, shall retire from office at the conclusion of the Annual General Meeting in every year provided always that all Directors shall retire from office once at least in each three (3) years, but shall be eligible for re-election.
- 4.2.3 The tenure for an Independent Director to serve on the Board shall not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, the Independent Director may continue to serve on the Board as a Non-Independent Director. Where the Board intends to retain the Independent Director beyond nine (9) years in the same capacity, it should provide justification and seek annual shareholders' approval, through a two-tier voting process.



- 4.2.4 However, the tenure of an Independent Director in the Company or any related corporation of the Company shall not exceed a cumulative period of 12 years from the date of his/her first appointment as an Independent Director.

Should the Board decide to appoint an individual as an Independent Director who had cumulatively served as an Independent Director of the Company or any related corporation for more than 12 years before and had observed the requisite 3-year cooling off period, the Board shall provide a statement justifying the nomination of the said Independent Director and explaining the rationale in the notice of a general meeting.

- 4.2.5 The Board should undertake a rigorous review to determine whether the independence of the Independent Director has been impaired, and the justification may be sought in the form of greater rigor and transparency in the evaluation process which accompanies any recommendation for renewal of the Independent Director's appointment/retention at the general meetings. Refer to **Appendix III** for Directors' Independence Policy.

4.3 Role of the Chairman

- 4.3.1 The Chairman is responsible for instilling and implementing good corporate governance practices, leadership and effectiveness of the Board. The key responsibilities of the Chairman include:
- (i) ensuring that the Board plays a full and constructive part in the determination of the Company's strategies and policies, and that board decisions taken are in the Company's best interests and fairly reflect Board's consensus;
 - (ii) managing the interface between Board and Management;
 - (iii) presiding at Board and shareholder meetings and ensuring the proceedings thereof comply with good conduct and practices;
 - (iv) ensuring questions arising at the board meeting must be determined by a majority of votes of the board members present, and in the case of an equality of votes, the chairperson has a second or casting vote, except where two (2) members form a quorum, the chairperson of a meeting at which only such a quorum is present, or at which only two (2) members are competent to vote on the question at issue shall not have a casting vote;
 - (v) encouraging active participation and allows dissenting views to be freely expressed;



- (vi) 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 take place and that relevant opinions amongst the board members are forthcoming;
- (vii) setting the board agenda and ensure that all Directors receive complete and accurate information on a set of timelines to be agreed between the Chairman and the Secretary for the board members to prepare for the board meetings;
- (viii) ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the board as a whole;
- (ix) undertaking the primary responsibility for organising information necessary for the Board to deal with items on the agenda and for providing this information to Directors on a timely basis; and
- (x) ensuring that adequate time is available for thorough deliberation of key issues.

4.4 Role of the Group MD

4.4.1 The Group MD has primarily responsibility for the following:

- (i) develop short-term, medium-term and long-term objectives for the Group, articulate and have it approved by the Board, and devise strategies to achieve and align with them;
- (ii) develop, lead and motivate Management to achieve these objectives as well as monitor their performance;
- (iii) oversee the advancement of a positive culture of employee engagement and continuous improvement to support Management's achievement of the Group's objectives;
- (iv) oversee all Group's operations and activities to ensure they produce the desired results and are consistent with achieving overall Group objectives.
- (v) develop, review and oversee Group investment decisions to advance business and profit growth;
- (vi) oversee the Group adherence to legal, regulatory and governance rules and guidelines. Working with the Chief Financial Officer and the relevant Head of Departments to ensure in-house policies and risk management strategies are upheld;



- (vii) build trust and lead communications with key business partners, buyers and stakeholders; and
 - (viii) maintain an ongoing knowledge of relevant markets and industry trends in order to oversight the company's growth plans and risk management strategies and advice the Board accordingly.
 - 4.4.2 In discharging the above responsibilities, the Group MD can delegate appropriate functions to the Senior Management.
 - 4.4.3 The Group MD or a person performing the functions of a Group MD shall be subject to the control of the Board.
- 4.5 Role of the Executive Director ("ED")
 - 4.5.1 An ED, under the leadership of Group MD shall ensure the effective implementation of the Group's strategic plan and policies as well as manage the daily conduct of the business to ensure its smooth operations.
 - 4.5.2 An ED is accountable to the Group MD for the achievement of the Group's goals and objectives and the observance of Management's authority limits.
 - 4.5.3 At each of its scheduled meetings, the Board should expect to receive from or through the ED:
 - (i) summary reports on the performance and activities of the Company and its subsidiaries and corporate proposals; and
 - (ii) such assurances as the Board considers necessary to confirm that that Management's authority limits are being observed.
 - 4.5.4 An ED is expected to act within all specific authorities delegated by the Board.
 - 4.5.5 An ED should not be involved in deciding his own remuneration.
 - 4.5.6 Generally, an ED is responsible to the Group MD for the following:
 - (i) developing long-term strategic direction and short-term profit plans to ensure that the Group's requirements for growth, profitability and return on capital are achieved;
 - (ii) directing and controlling all aspects of the business operations in a cost effective manner, covering production operation requirements, best technological practice, high levels of productivity and flexibility to cope with planned development and awareness of market place opportunities and threats, deploying resources to exploit and counter them respectively;



- (iii) effectively overseeing the human resource of the organisation with respect to key positions in the Group hierarchy and ensures the general well-being of employees, determination of remuneration as well as terms and conditions of employment for Senior Management in consultation with the Board and issues pertaining to discipline of all employees;
- (iv) effectively representing the interest of the Company with major customers, governments and their agencies, and industries at large, to ensure general goodwill towards the Company and cooperation in planned development;
- (v) establishing and reviewing the risk management framework and internal control system across the Group; and
- (vi) identifying the risks and ensuring the implementation of appropriate internal controls and mitigation measures.

4.6 Role of Non-Executive Directors (“NEDs”)

4.6.1 The roles of NEDs include, amongst others:

- (i) risk oversight;
- (ii) providing independent and objective views to the development and evaluation of the Company’s strategy; and
- (iii) providing an avenue to facilitate whistle blowing.

4.6.2 NEDs act as a bridge between Management, shareholders and other stakeholders. They provide the relevant checks and balances, focusing on shareholders’ and other stakeholders’ interests and ensuring that high standards of corporate governance are applied.

4.7 Company Secretary

4.7.1 The appointment and removal of the Company Secretary is a matter for the Board as a whole. The Board recognises the fact that the Company Secretary should be suitably qualified and capable of carrying out the duties required of the post.

4.7.2 The key role of the Company Secretary is to provide unhindered and sound governance advice, ensure adherence to rules, regulatory compliance and procedures and advocate the adoption of best corporate governance practices.

4.7.3 The primary responsibilities of the Company Secretary shall include:

- (i) advise the Board on its roles and responsibilities.



- (ii) advise the Board on corporate disclosures and compliance with company and securities regulations and Listing Requirements.
- (iii) monitor corporate governance developments and assist the Board in applying appropriate governance practices to meet the Board's needs and stakeholders' expectations.
- (iv) manage all Board and Board Committees' meeting logistics, attend and record minutes of all Board and Board Committees' meetings and facilitate board communications.
- (v) manage processes pertaining to the shareholders' meetings.
- (vi) serve as a focal point for stakeholders' communication and engagement on corporate governance issues.
- (vii) facilitate the orientation of new directors and assist in Directors' training and development.

4.8 Board Committees

4.8.1 The Board reserves the right to establish Committees from time to time in the discharge of its duties and responsibilities. Where a Committee is formed, specific terms of reference of the Committee shall be established to cover matters such as the purpose, composition and functions of the Committee.

4.8.2 The Board has established the following Board Committees which operate within their written terms of reference:

- (i) RMAC
The terms of reference of the RMAC are attached under **Appendix IV.**
- (ii) Nomination Committee ("NC")
The terms of reference of the NC are attached under **Appendix V.**
- (iii) Remuneration Committee ("RC")
The terms of reference of the RC are attached under **Appendix VI.**

4.9 The Board's Relationship with Shareholders and Stakeholders

4.9.1 The Board shall maintain an open communications policy that enables the Board and its Management to communicate effectively with shareholders and members of the general public. Whenever appropriate, the Board or the relevant management personnel will respond to these queries or opinions on an individual level.



- 4.9.2 The Board shall ensure that the Annual General Meeting (“AGM”) of the Company is conducted in an efficient manner and serves as a crucial mechanism in shareholder communications. This includes the supply of comprehensive and timely information to shareholders and the encouragement of active participation at the AGM. The Board will focus its efforts on the following best practices to enhance the value of the AGM:
- (i) ensure all directors attend general meetings. The Chair of the RMAC, NC, RC and other committees (if any) shall provide meaningful response to questions raised by shareholders;
 - (ii) ensure shareholders are given sufficient notice and time to consider the resolutions that will be discussed and decided at the General Meeting.
 - (iii) ensure the notice of general meeting provides further explanation beyond the minimum content stipulated in the Listing Requirements for the resolution proposed to enable shareholders to make an informed decision in exercising their voting rights. The notice should include details of the resolutions proposed along with any background information and reports or recommendations that are relevant;
 - (iv) ensure that the Chairman provides reasonable time for discussion at the meeting. Where appropriate, the Chairman will also undertake to provide the enquirer with a written answer to any significant question which cannot be answered immediately;
 - (v) ensure that any resolutions set out in the notice of general meetings, or in any notice of resolution which may be properly moved and is intended to be moved at any general meeting, is voted by poll and to announce the detailed results of the votes cast for and against each resolution and the name of the scrutineer;
 - (vi) ensure that there is a channel of communication for feedback and queries from shareholders. The Group MD or any competent officer may address the shareholders on the review of the Group’s performance for the financial year and outlines the prospects of the Group for the subsequent financial year; and
 - (vii) ensure that the Chairman of the Board shall be the Chairman of all general meeting.



5. BOARD PROCESSES BOARD MEETINGS

5.1 Meetings

5.1.1 Meetings will be conducted at least on a quarterly basis, where additional meeting may be convened. The Company Secretary shall in advance prepare and distribute an annual meeting timetable for all required to attend the meetings.

5.1.2 A Director may requisite for a meeting to table matters of urgency (includes any significant issue where a Board meeting is essential to be called as to clarify or clear the doubt of a Board member), and the Company Secretary, if so requested to do so, shall notify the Management before convening a Board meeting.

Notwithstanding Clause 5.3.3 of the Charter, in the case of emergency, a Board meeting may be convened by a shorter notice than five (5) business days, of which date, time and venue for a meeting as well as proper agenda to be discussed, particularly on the affairs of the Company, be specified in the notice.

Director(s) may discuss with the Board Chairman or the respective Board Committee Chairman, as the case may be, seeking for clarification before initiate the call for a Board meeting.

5.1.3 The Chairman of the Board or in his absence, the Directors shall elect one (1) of their number to be Chairman of the meeting.

5.1.4 The Board may invite other Senior Management to attend the Board meeting for particular items within their responsibility as well as external parties such as the auditors, solicitors and consultants as and when the need arises.

5.1.5 Questions arising at any Board meeting shall be decided by a majority of votes. In the event issues requiring the Board's decision arise between meetings, such issues shall be resolved through written resolution subsequent to discussions being held amongst the Board members either via teleconference, videoconference, email, etc. in order for the Board as a whole to be apprised on such matters and obtain their view points before arriving at a decision.

5.1.6 Such written resolution shall be valid and effective if it is signed or approved by letter, telex, facsimile or telegram by a majority of the Directors, and such discussions, including any concerns raised and the rationale for the decisions so made in the resolution shall be tabled at the immediate Board meeting for formal record keeping.



- 5.1.7 The Directors may participate in a meeting by means of telephone and video conference or by other means of communication. The Directors participating in any such meeting shall be counted in the quorum for such meeting. All resolutions agreed upon by the Directors in such a meeting shall be deemed to be as effective as a resolution passed at a meeting in person of the Directors duly convened and held. All information and documents must be made equally available to all participants prior to, at, or during the meeting.
- 5.1.8 A Director shall abstain from deliberation and voting on contracts or proposed contracts or arrangements in which he has direct/ indirect interests either in the capacity as an officer or a shareholder of the Company.
- 5.2 Agenda
- 5.2.1 The Chairman, in conjunction with the Group MD and the Company Secretary, shall undertake the primary responsibility for preparing the Board's agenda. The agenda should include matters specifically reserved for the Board's decision.
- 5.2.2 The agenda shall address high-priority strategic and operational issues, where necessary, and ensure that there is enough time for discussion. Agenda issues shall be aligned with the overall Company's context, including its starting situation, aspiration and priorities.
- 5.3 Meeting papers
- 5.3.1 The Board Papers include, among others, the following:
- (i) summary of the financial performance of the Group and Minutes of the previous Board meetings;
 - (ii) minutes of the previous Board Committee meetings and quarterly financial results of the Group;
 - (iii) financial performance and operations of the divisions; and
 - (iv) ongoing projects and plans for ongoing projects leading towards the future and its anticipated impact on the Group.
- 5.3.2 Separate reports shall be prepared as and when needed for the Board's deliberation on strategic and policy issues, major investments and major financial decisions.
- 5.3.3 To allow ample time for the Directors to consider the relevant information, Board papers and agenda items are to be circulated at least five (5) business days in advance of the Board meeting or on a set of timelines to be agreed between the Chairman and the Company Secretary.



Where there is a need to table a report, a brief statement of findings and/or recommendations is prepared.

5.3.4 Draft minutes of the previous Board meeting should be circulated one (1) month after the Board meeting. The practice is for minutes to record processes and decisions rather than a historical narrative of the discussion. If one or more Directors request their opinion to be noted, the Company Secretary shall comply with the request.

5.4 Access to Information

5.4.1 A record of submissions, papers and materials presented to the Board, is maintained and held by the Company Secretary together with minutes of meetings, and is accessible to the Directors.

5.4.2 All Directors (Executive and Non-Executive) have the same right of access to information relevant to the furtherance of their duties and responsibilities as Directors of the Company, subject to a formal written request to the Chairman furnishing satisfactory and justification for such a request.

5.5 Independent Professional or Other Advice

5.5.1 The Board, Board Committees as well as any Director is entitled to obtain independent professional advice relating to the affairs of the Group or to his responsibilities as a Director at the Company's expense.

5.5.2 If a Board Committee or Director considers such advice necessary for the discharge of their/his duties and responsibilities as Director or as provided under the terms of reference and, for the benefit of the Company, such Board Committee or Director shall first discuss it with the Board and, having done so, shall be free to proceed, where appropriate.

5.6 Appointment, Vacation of Office and Removal of Directors

5.6.1 Reference shall be made to Paragraph 15.05 of the Listing Requirements, Act and Constitution of the Company with regards to the qualification, vacation of office and removal of Directors.

5.6.2 Upon the appointment of a Director, the said Director shall provide to Bursa Securities an undertaking prescribed by Bursa Securities immediately and in any event not later than fourteen (14) days.

5.6.3 Where a Director is removed from office, Eupe must forward to Bursa Securities a copy of any written representations made by the said Director at the same time as copies of such representations are sent to shareholders under Section 207(3)(b) of the Act, unless copies of such representations need not be sent out by reason of the circumstances specified in Section 207(5) of the Act.



5.7 Directors' Orientation and Education Programme

- 5.7.1 Orientation and education programmes shall be provided for new Directors.
- 5.7.2 All Directors are required to undergo the Mandatory Accreditation Programme as prescribed under the Listing Requirements within four months from the date of his appointment (if not previously attended).
- 5.7.3 The Board with the assistance of the NC, shall assess the training needs of the Directors from time to time, to ensure that Directors have access to training courses/seminars at periodic intervals to keep themselves updated on developments pertaining to the oversight function of Directors as well as continuing education programme in order to update their knowledge and skills to sustain their active participation in Board deliberations and effectively discharge their duties.
- 5.7.4 All trainings attended by Directors shall be disclosed in the Annual Report. In exceptional circumstances, valid justifications for non-attendance of any training by Directors for the financial year should be disclosed.

5.8 Directors' External Commitments and Conflict of Interest

- 5.8.1 Directors shall devote sufficient time to carry out their responsibilities. The Board should obtain this commitment from its members at the time of appointment. Each Director is expected to commit to attend at least 50% of the Board meetings.
- 5.8.2 Conflict may arise from the interest (direct or indirect) of a Director, member or major shareholder or person connected with such Director, member or major shareholder in a transaction proposed to be entered into or action/decision to be taken by the Company or its subsidiaries.

A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare his interest in accordance with the provisions of the Act. Directors can be regarded as having a conflict of interest where the company or he is associated with derives an advantage from him being a Director. The Director concerned is required at all times to declare such conflict and shall withdraw from any voting or deliberation of a matter in which the Director or member may have an interest.

A Director with any interest, direct or indirect, must also abstain from Board deliberation and voting on the relevant resolution in respect of the related party transaction.



- 5.8.3 Should there be an actual, potential or perceived conflict of interest between the Company or a related corporation and a Director, or an associate of a Director such as a spouse or other family members, the Director involved shall make full disclosure and act honestly in the best interest of the Company.
- 5.8.4 An actual, potential or perceived conflict of interest shall not necessarily disqualify an individual Director from the Board provided that full disclosure of the interest has been made in good faith and with due honesty.
- 5.8.5 For Director who is appointed by virtue of his position as a representative of a shareholder, must act in the best interest of the Group. In the event of any conflict between his duty to act in the best interest of the Group and his duty to his nominator, he must not subordinate his duty to act in the best interest of the Group to his nominator.
- 5.8.6 The Company Secretary should facilitate the Directors' annual independence and conflict of interest declarations, which will allow the Directors to perform an annual self-declaration on independence (i.e. for Independent Non-Executive Directors) and conflict of interest (i.e. for all Directors).

6. DIRECTORS' REMUNERATION

- 6.1 Directors' remuneration packages are dictated by market competitiveness and level of experience or responsibilities involved.
- 6.2 Fees payable to Non-Executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover. Salaries payable to EDs may not include a commission on or percentage of turnover.
- 6.3 Reviews or changes to the existing remuneration package shall be deliberated and approved by the Board as a whole.
- 6.4 The Directors' fees and any benefits payable to Directors shall be subject to annual shareholders' approval at a general meeting.
- 6.5 The amount of remuneration payable shall be determined with reference to the Directors' and Senior Management's Remuneration Policy set out in **Appendix VII**.

7. ASSESSMENT OF BOARD, BOARD COMMITTEES AND INDIVIDUAL DIRECTORS

The NC is entrusted by the Board to review the performance and effectiveness of the Board and Board Committees, including individual Directors, annually, with the assessment report, together with a report on the Board balance covering the required mix of skills, experience and other qualities of Board members for discussion at the full Board as well as identify candidates to fill board vacancies, and nominating them for approval by the Board. Refer to **Appendix VI** for the Terms of Reference of NC.



8. REPRESENTATION OF THE COMPANY

- 8.1 The Board has enforced a Corporate Disclosure Policy to ensure the comprehensiveness, accuracy and timeliness of information disclose and to ensure compliance with the relevant disclosure requirements as enumerated in the Listing Requirements. Refer to **Appendix VIII** for the Corporate Disclosure Policy.
- 8.2 The Company shall consider the use of information technology in communicating with stakeholders, including a dedicated section for Investor Relations on the Company's website. This section shall provide information such as, amongst others, the Quarterly Financial Announcements and the Annual Reports.

9. THE COMPANY'S CONSTITUTION AND MANAGEMENT'S LIMITS

- 9.1 The Board operates pursuant to the powers and subject to the provisions in the Constitution of the Company as adopted by the shareholders in general meeting.
- 9.2 Management is expected to act within all specific authorities delegated to it by the Board.
- 9.3 Management is expected not to cause or permit any practice, activity or decision that is contrary to commonly accepted good business practices or professional ethics.

10. CODE OF CONDUCT AND ETHICS

The Directors shall observe and be guided by the Company's Code of Conduct and Ethics which is published at www.eupe.com.my.

11. REVIEW OF CHARTER

The Board shall review and update the Charter periodically taking into consideration the needs of the Company and any new regulation that may have an impact on the discharge of the Board's responsibilities.

The Charter was last reviewed by the Board on 28 July 2022.



FORMAL SCHEDULE OF MATTERS RESERVED FOR THE BOARD'S DECISION

Careful preparation of the meeting agenda enhances Board's productivity and strengthens its supervisory role.

At every regular Board meeting, Directors should amongst others:

- review outstanding major action items from previous meetings and discuss emerging issues that could affect the business of the Group.
- receive reports from the Group MD or Senior Management on operational and performance-related matters and strategic issues;
- discuss and approve capital expenditure and investment transactions above delegated levels as narrated in the Discretionary Authority Limits set out in **Appendix II**;
- review and approve financial statements of the Company and Group for lodgement with the various authorities; and
- any other pertinent matters that may be decided upon by the Board from time to time.



A range of other matters for Board's decision that should be periodically included on the Board agenda is as follows:

A. Corporate and Strategic planning

- Approval of proposed corporate exercise;
- Approval of acquisitions and disposals, investments and divestments;
- For any proposed acquisitions, mergers, divestments and takeovers, ascertain that assets are appropriately valued, and that the Company's shares are fairly valued by the market, to reduce susceptibility to takeover; and
- Conduct regular analyses of trading activity in the Company's shares, and identify areas of concern.

B. Formulating and monitoring critical company policies

Formulate and monitor systems, policies and procedures, including:

- risk management policy and procedures;
- system of internal control; and
- delegation of authority to Board Committees namely the Risk Management and Audit Committee (RMAC), Nomination Committee (NC), and Remuneration Committee (RC);
- ensure these policies are properly documented and communicated to all relevant personnel.

C. Reporting controls

Via the RMAC:

- internally, review management information systems to ensure that both Board and Management are receiving relevant and reliable information;
- externally, review existing accounting policies against the appropriate standards, and review the questionnaire completed by Management to ensure that the published financial statements are true and fairly stated; and
- approve regulatory reporting, i.e. quarterly and other announcements to authorities.

D. Internal controls: regulatory compliance

Via the RMAC:

- review regulations affecting the Group's operations;
- develop and review systems for monitoring regulatory compliance; and
- review compliance reports prepared by internal audit.



E. Internal controls: internal audit

Via the RMAC:

- review the scope and depth of coverage of the internal audit function;
- review and discuss reports from the internal auditors on internal control recommendations, and confirm that appropriate action has been taken; and
- ensure that there is effective communication and liaison between the internal and external audit functions.

F. Internal controls: external audit

Via the RMAC:

- review the draft letter of representation requested by the external auditors, and confirm that the representations have been considered;
- ensure that issues raised by the external auditors have been satisfactorily resolved; and
- review the external auditors' internal control recommendations, and ensure appropriate action has been taken.

G. Appointment and termination

- Consider recommendation on the appointment, resignation/termination of Director, Company Secretary and auditors;
- Consider recommendation and approval of Directors to fill the seats on Board Committees;
- Review and assess annually:
 - the required mix of skills and experience of the Board, including the core competencies, which Non-Executive Directors should bring to the Board; and
 - the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director.
- Review and approve the recommendations from the Remuneration Committee, remuneration packages of the Executive Director and recommend fees and emoluments of Non-Executive Directors for shareholders' approval at Annual General Meeting.

This appears a formidable list of duties. However, some of these matters need only be looked at annually or semi-annually. Many of them will be presented to the Board in the form of management reports. However, Directors should ensure that:

- these reports are read;
- any issues of concern arising from these reports are queried; and
- problems identified are dealt with in an appropriate manner.



DISCRETIONARY AUTHORITY LIMITS

- (a) The Group is expected to comply with the Listing Requirements in relation to transactions which require the shareholder' approval at a general meeting.
- (b) Non-recurring expenses/ exceptional items involving a value of more than \$500,000 shall be brought to the attention of the Board. Likewise, new business venture or deals that may lead to contingent liability/long term commitment of the company shall be highlighted to the Board.
- (c) The Managing Director/ Executive Directors of operations shall be responsible to decide the appropriate discretionary authority limit for Management on operational and capital investment transactions in the ordinary course of conducting business. Expenditure Authorisation Requests are to be accompanied by appropriate supporting business and financial data to support its viability. The data is to be submitted in a form that permits monitoring of actual project costs and benefits through the Company's control reports.
- (d) The purpose of setting Discretionary Authority Limits is to facilitate empowerment of employees for faster decision making. Substance over form, the Management must consistently monitor abnormal expenses or items that are procured at unreasonably high prices. Transactions costing more than 5% of the departmental monthly expenses fall into such category.