



**EUPE CORPORATION BERHAD**  
**Registration No. 199601005416 (377762-V)**  
(Incorporated in Malaysia)

## **SELECTION AND APPOINTMENT OF NON-EXECUTIVE DIRECTORS' POLICY**

### **1. OBJECTIVE**

- 1.1 This Policy is to outline procedure for the Board of Directors ("Board"), via Nomination Committee ("NC") to assess, select and recommend suitable candidate(s) to the Board of Eupe Corporation Berhad ("Eupe" or the "Company") for their appointment as Non-Executive Directors ("NEDs").
- 1.2 This Policy also outlines the procedure for the NC to consider and determine:
  - (i) the eligibility of each Director standing for election or re-election, who retires in accordance with the Constitution of the Company and contingent on satisfactory evaluation of the Director's tenure, performance, contribution to the Board and the current composition of the Board; and
  - (ii) retaining an Independent NED who has served beyond nine (9) years to continue as Independent NED of the Company, having due regard to his/her performance and ability to continue to contribute to the Board in the light of knowledge, skills and experience required.

### **2. PROCEDURE FOR SELECTION AND APPOINTMENT OF NEDs**

- 2.1 The Board will review its composition annually and shall be guided by Section 4.1 of the Board Charter, Board and Senior Management Diversity Policy and Directors' Independence Policy in appointment of NEDs.
- 2.2 The NC is delegated with the role of shortlisting, screening and selection of suitable candidates, which may include using an external search firm to interview the selected candidate before making a recommendation to the Board to fill a casual vacancy or to increase the number of directors on the Board.
- 2.3 In exercising objectivity in the selection process, the NC shall have access to a wide pool of candidates. 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.
- 2.4 The NC will also consider candidate(s) recommended by major shareholders, member of the Board and/or management.
- 2.5 Among others, the NC shall review the potential candidate(s) with reference to following criteria:



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- (i) Paragraph 15.05(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”), Companies Act 2016 (“Act”) and Constitution of the Company with regards to the qualification of the potential candidate(s);
  - (ii) Whether the potential candidate(s) complement the existing board’s skills and competencies;
  - (iii) Assess the candidate(s)’ background, skills, knowledge, expertise and experience against their profile as well as the suitability of the candidate(s) in fostering success of Eupe group moving forward;
  - (iv) Perform background check on the candidate(s) i.e. credit background check (through bankruptcy search) and criminal history (through world-check).
  - (v) Check on the conflict of interest and independence issues;
  - (vi) Obtaining details and number of directorships held by the candidate(s). The candidate(s) shall not sit on the boards of more than five (5) listed issuers. In selecting a suitable candidate, the NC should also consider his/her professionalism and commitment (including time availability) in discharging his/her fiduciary duties.
- 2.6 In the case of a candidate standing for election as an independent director for the first time, the review and assessment of the candidate shall be based on, among others the following:
- (i) details of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material aspect of his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its shareholders; and
  - (ii) the candidate will, if elected, satisfy the definition of “Independent Director” set out in Paragraph 1.01 and Practice Note 13 of the Listing Requirements.
- 2.7 The NC shall recommend the suitable candidate(s) together with the assessment to the Board for its consideration and approval.

### **3. PROCEDURES FOR RE-APPOINTMENT OR RE-ELECTION OF NEDs**

- 3.1 According to the Constitution of the Company, any Directors appointed during the year shall hold office only until the next following Annual General Meeting (“AGM”) and shall then be eligible for re-election.



- 3.2 Pursuant to Clause 76(3) of the Constitution, one-third (1/3) of the Directors of the Company, or if the number is not three (3) or a multiple of three (3), the number nearest to one-third, shall retire from office at the conclusion of the AGM provided always that all Directors shall retire from office once at least in each three (3) years, but shall be eligible for re-election.
- 3.3 The election of each Director is voted on separately.
- 3.4 In relation to the re-appointment of a NED who is eligible for re-election, the NC should:
- (i) assess the eligibility of the retiring directors to perform his or her duties as Director;
  - (ii) assess whether the re-appointment of retiring director is in accordance with the Constitutions, Listing Requirements and the Act; and
  - (iii) determine the eligibility of each of the Directors standing for re-election at the AGM taking into consideration on the Director's tenure, performance and his/her ability to contribute effectively to the Board, based on the results of the latest annual Board Evaluation.

#### **4. PROCEDURES FOR RETAINING INDEPENDENT NEDs WHO HAS SERVED BEYOND 9 YEARS**

4.1 The tenure for an Independent NED to serve on the Board shall not exceed a cumulative term limit of 9 years. Upon completion of the 9 years, the Independent NED may continue to serve on the Board as a Non-Independent NED. However, if the Board intends to retain an Independent NED beyond 9 years in the same capacity, it should provide justification and seek annual shareholders' approval through a two-tier voting process.

4.2 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.

4.3 The NC should undertake a rigorous review to determine whether the independence of the Independent NED 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 NED's appointment/retention at the general meetings, making reference to Directors' Independence Policy.



- 4.4 Upon completion of the 9-year term limit of an Independent NED, the NC shall assess whether the Independent NED remain independent in character and judgment and recommend to the Board, the continuation of the Independent NED for approval based on the following criteria:
- (i) the said Independent NED fulfils the criteria under definition of "Independent Director" set out in Paragraph 1.01 and Practice Note 13 of the Listing Requirements; and
  - (ii) the said Independent NED's background, skill set, independence judgement and ability to act in the best interest of the Company and whether he/she displays the following key characteristics:-
    - a. possesses sufficient self-esteem and confidence to stand up for an independent point of view;
    - b. approaches any transaction that requires Board's approval with a watchful eye and an inquiring mind (professional scepticism);
    - c. is unafraid to express an unpopular stance on issues or express disagreement on matters and actively pursues them with the rest of the Board and with the management team;
    - d. does not shy away from asking hard and uncomfortable questions during board deliberations and willing to delve deeper if the responses provided are not satisfactory; and
    - e. ensures that any dissenting views and opinions are properly recorded and minuted.

## **5. DIRECTORS' FIT AND PROPER POLICY**

The Company had adopted a Directors' Fit and Proper Policy for the appointment and re-election of Directors of the Company and its subsidiaries ("Group"). The Board and the NC shall conduct the fit and proper assessment prior to the appointment of any candidate as a Director, or making recommendation for the re-election of any existing Director, as well as to ensure the fit and proper criteria set out in the aforesaid policy are applied on a continuing basis.

## **6. PROCEDURE FOR DIRECTORS' ORIENTATION AND EDUCATION PROGRAMME**

- 6.1 The Board via the NC must on a continuous basis, conduct annual performance assessment, evaluate and determine the training needs of its directors and ensure the training aids the director in the discharge of their duties annually. Directors may request for additional training, if needed.
- 6.2 New members of the Board shall be obliged to attend trainings and seminars as recommended by the NC in the form of an induction programme for newly appointed directors and as required under the Listing Requirements to orientate themselves in the new environment in order to contribute effectively to the board.



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- 6.3 As part of the induction programme for new Board members, the Managing Director of the Company will inform all new Directors of the following:
- (i) Eupe Group's goals and objectives;
  - (ii) Eupe Group's financial, strategic and operational and risk management position;
  - (iii) Eupe Group's corporate culture, values and belief;
  - (iv) Eupe's Code of Conduct and Ethics;
  - (v) The rights, duties and responsibilities of directors; and
  - (vi) The role of board committees;
- 6.4 Existing members of the Board shall be obliged to attend trainings and seminars as recommended by the NC on an on-going basis, to effectively discharge their duties and to maintain their professional development and competencies.

## **7. REVIEW OF THE POLICY**

The Board shall review this Policy periodically or as and when required so as to ensure that it remains relevant and appropriate.