



(Company No. 217120- W)  
(Incorporated in Malaysia under the Companies Act, 2016)

# BOARD CHARTER

## **1.0 OBJECTIVE**

The Board of Directors (the “**Board**”) of Evergreen Fibreboard Berhad (“**EFB**” or the “**Company**” or the “**Group**”) adopts this Charter to outline the manner in which its constitutional powers and responsibilities of the Board will be exercised and discharged with regards to the principles of good corporate governance, best practice of the industry and applicable laws.

This Board Charter constitutes and form an integral part of each Director’s duties and responsibilities and is not an “all inclusive” document and should be read as expressed by the principles.

## **2.0 ROLES AND RESPONSIBILITIES OF THE BOARD**

### **2.1 Role of the Board**

In line with Practice 1.1 of MCCG, the board is to set the Company/Group’s strategic goals, values and standards including review of management’s performance whilst ensuring necessary resources being put in place for the company/group to meet its objectives.

### **2.2 Responsibilities of the Board**

**2.2.1** The board in discharging its responsibilities shall amongst others undertake:-

a) to foster a healthy corporate governance culture on the principles of transparency, objectivity and integrity and set the “tone from the top” on ethical values;

b) together with senior management, promote good corporate governance culture within the company by enforcing ethical, prudent and professional behaviour through establishment of formal policies and procedures;

c) to scrutinise/challenge management’s proposals, the board must satisfy itself first that management has taken into account all appropriate considerations in tabling the proposals and monitoring its implementation;

d) to demarcate the day-to-day operational functions of senior management and the overall responsibilities of the board by clarifying the duties and responsibilities of the both parties;

e) to ensure the chief executive officer and the chief operating officer plays a leading role through constant dialogue with the Board;

f) to ensure that the strategic goals and plan of the company/group supports long-term value creation and includes strategies on economic, environmental and social underpinning sustainability and Stakeholders are made aware of the impact to the businesses relating to economy, environment and society;

g) to ensure relevant economic, environmental, social and governance considerations be embedded in the company’s business strategies and operations to prevent sustainability-related issues significantly impact the company/group’s potential liabilities, reputation or overall value by having in place a sound sustainability policy would enable the company/group to be well-placed to deal with these challenges and create value in the long term;

h) To ensure that there are measures in place against which management’s performance can be assessed with a comprehensive process and reporting procedures;

i) to understand the principal risks of the company/group's business and recognise taking of appropriate business risks whilst ensuring for a sound framework of prudent and effective internal control and risk management systems in place to assessed and managed such risk;

j) to approve the company/group's risk appetite and approve and oversee the Group's Risk Management System reviewing major or significant risk faced by the Company/Group;

k) to ensure the Group's Outsourced Internal Audit function assess the effectiveness of the Group's Internal Control System by critically reviewing all aspects of the Group's activities and internal controls in place; and

l) to ensure that sustainability consideration to be given when developing and implementing business strategies and the management of material sustainability matters are to be driven by Senior Management team.

### **2.3 On Management's Performance and Key Performance Indicators (KPIs)**

**2.3.1** Ensure supervision and assessment of senior management's performance to determine whether the business is being properly managed and ensure measures in place for management's performance to be assessed with a comprehensive process including reporting procedures; and

**2.3.2** To set key performance indicators for Senior Management Team as to ensure management's strategy and performance aligns with the company's strategic objective. Indicators shall be based on financial and non-financial performance including sustainability targets to be achieved on economic, environment, social and governance on material matters.

### **2.4 On Succession Plans (Board & Senior Management)**

To ensure that Nominating Committee establish policies for the succession planning of the board and senior management through formalised succession plans that lays down appropriate and clear succession model put in practice.

### **2.5 On Stakeholders Communication**

To ensure procedures are in place to enable effective communication with stakeholders by establishment of policies as to promote effective and timely communication with all stakeholders including how feedbacks received from stakeholders is being considered by the company especially when business decisions are made.

### **2.6 On Ethical Culture and Compliance**

**2.6.1** The Board shall comprehend and apply the principles and practices as recommended in the Malaysian Code on Corporate Governance ("MCCG Code") by :-

a) promoting good business ethics, conduct and maintain a healthy corporate culture that engenders integrity, transparency and fairness;

b) ensuring directors, senior management, employees and other stakeholders are made clear on what is considered acceptable practice and behaviour for the company/group;

c) establishing and maintaining a fit and proper policy for the appointment and re-election of directors of the company and its subsidiaries;

d) establishment of Code of Conduct and Ethics and together with management, ensure its policies and procedures are in line with MCCG Practice 3.2 and Paragraph 15.29(1) & (2) of Bursa Securities Listing Requirements consisting of policies on conflicts of interest, prevention on abuse of power/human rights, anti-bribery/corruption, whistleblowing, insider trading and money laundering; and

e) ensuring all policies and procedures are reviewed periodically to assess the effectiveness and risk on bribery/corruption is included in annual risk assessment program.

## **2.7 On Code of Conduct and Ethics**

**2.7.1** To establish and review Code of Conduct & Ethics of business (published on Company's website) for to ensure Directors conduct themselves with the highest ethical standards and they are to behave ethically and professionally at all times as to promote the reputation of the Company/Group; and

**2.7.2** To ensure the Code of Conduct and Ethics is communicated to all directors and employees upon their employment.

## **2.8 On Delegation of Powers**

The Board reserves the full decision-making powers on delegation of matters to Committees of the Board and Senior Management.

## **2.9 On Group Governance**

**2.9.1** In line with Chapter 5 of the Main Market Listing Guidelines on the Conduct of Directors of Listed Corporations and their Subsidiaries, the Board shall ensure:-

a) there is adequate framework group wide on co-operation and communication between the listed corporation and its subsidiaries to enable the discharge of responsibilities including the oversight of the group's financial/non-financial performance, business strategy and priorities, management of risk, sustainability and corporate governance policies and practices;

b) the framework to include code of conduct & ethics, policies & procedures on anti-corruption, whistleblowing, conflict of interest, sustainability, risks including gender diversity; and

c) subsidiaries and its directors provide the company with any information requested by the company to enable the board to oversee the performance of its subsidiaries effectively, including assessing non-financial performance of the company.

## **2.10 On Matters Reserved for the Board**

The Board reserves full decision-making powers, amongst others, on the following matters :-

- a) business planning and strategy formulation, including review;
- b) Sustainability and risk management including review of emerging business issues and resolution;
- c) budget, approval and monitoring, including variance reporting;
- d) funding requirements;
- e) formulation and monitoring of key company policies;
- f) evaluation of management's performance;
- g) corporate exercises, e.g., acquisitions, mergers, divestments and takeovers;
- h) regulatory changes that impact the company's business;
- i) investor and stakeholder relations;

- j) litigation matters against the company;
- k) board, committee and individual director performance assessment; and
- l) board, committee and individual director training, education and development.

### **2.11 On Whistleblowing Policy**

Based on the established policy on Whistleblowing, the Board is committed to achieving and maintaining the highest standard of work ethics in the conduct of business and encourages employees and third-parties to raise genuine concerns about possible improprieties in matters of financial reporting, compliance, suspected violations of the Code of Conduct and Business Ethics and disclose of any improper conduct or other malpractices within the Group of Companies by whistleblowing in an appropriate way through the channels provided in the policy and on the Company's website at [www.evergreengroup.com.my](http://www.evergreengroup.com.my).

### **2.12 On Declaration of Conflicts of Interests**

Based on the established policy on Conflict of Interest, all directors, Senior Management and Executive & above, are required to disclose any obligation, commitment, relationship or interest that could conflict or may be perceived to have conflict with his or her duties using the Conflict-of-Interest Disclosure document through the following link:

<https://docs.google.com/forms/d/e/1FAIpQLSeE5xl6BfNow6Tlk9h9vKCDkiQA8Zc1Q200jNi34JNPiDM9bQ/viewform>

### **2.13 Insider Trading**

Directors who possess Inside Information (which can be sensitive to the company securities price) shall not in any manner: -

- a) deal with the company's securities, especially if that information has not been made public;
- b) communicate such information to any unauthorised persons, for the benefit of him/ herself or any other persons; and
- c) shall comply with the relevant laws on trading in securities and observe such guidelines as may be prescribed by the Company in relation thereto from time to time when dealing with Securities.

### **2.14 Access to Information and Independent Advice**

All Directors are accessible to information of the company and its subsidiaries and Directors are entitled to freely :-

- a) access to members of the senior management via the GCEO/GCOO/GED at any time to request relevant and additional information or seek explanations;
- b) access to internal and external auditors, without management's present to seek explanations or additional information; and
- c) seek independent professional advice with the Chairman's prior consent, which will not be unreasonably withheld or delayed, and which will be at the Company's expense.

## **3.0 ROLE AND RESPONSIBILITIES OF DIRECTORS**

### **3.1 Individual Director**

**3.1.1** Section 213 (1), (2) and (3) of Companies Act 2016 – defines the Duties and responsibilities of directors :-

a) Director shall at all times exercise his powers in accordance with this Act, for a proper purpose and in good faith in the best interest of the company;

b) Director shall exercise reasonable care, skill and diligence with the knowledge, skill and experience which may reasonably be expected of a director having the same responsibilities; and any additional knowledge, skill and experience which the director in fact has;

c) Director who contravenes this section commits an offence and shall, on conviction, be liable to imprisonment for a term not exceeding five years or to a fine not exceeding three million ringgit or both; and

d) Directors are expected to comply with their legal, statutory duties and obligations when discharging their responsibilities as Directors. These shall include:-

- i) act in good faith and in the best interests of the Company as a whole and for proper purpose;
- ii) act with care and diligence of a reasonable person based on business judgement;
- iii) to avoid any conflicts of interest with the Company in a personal or professional capacity;
- iv) refrain from improper use of information gained through the position of Director and from taking improper advantage of the position of a director;
- v) disclosure and abstaining from voting on matters with material personal interest; and
- vi) to be in compliance with Company laws, securities legislation and the Listing Requirements.

**3.1.2** Directors are required to keep all Board information, discussions, deliberations and decisions that are not publicly known confidential and not use information gained as a director for their interest, or their employers' interest.

### **3.2 Senior Independent Director**

A Senior Independent Non-Executive Director shall be appointed by the board to whom concerns pertaining to the Group may be conveyed by stakeholders. The duties of the Senior Independent Director shall be to:-

a) serve as the principal conduit between the Independent Directors and the Chairman on sensitive issues, for example issues that arise from whistleblowing; and

b) serve as a designated contact for consultation and direct communication with shareholders and other stakeholders on areas that cannot be resolved through the normal channels of contact with the Chairman or the Group Chief Executive Officer or the Group Chief Operating Officer ("GCEO & GCOO") or Senior Management.

### **3.3 Chairman of the Board**

**3.3.1** The Role of the Board Chairman and the Chief Executive Officer ("CEO") shall be held by two different individuals in line with Practice 1.3 and the Board Chairman can only hold membership in Risk and Sustainability Management Committees in line with Practice 1.4. of the MCCG.

**3.3.2** The Role of the Board Chairman is to provide leadership for the board so that the board can perform its responsibilities effectively in line with Practice 1.2 of MCCG. The Board Chairman shall :-

a) ensure 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;

b) ensures that policies and procedures are in place to govern the board's operations; and

c) lead the board in the adoption and implementation of good corporate governance practices in the company/group by:-

i) spearheading collaboration between board and senior management to ensure the company operates in an ethical, transparent and sustainable manner; and

ii) ensuring that a comprehensive and tailored (yet adaptable corporate governance plan is present with milestones and monitors outcomes to ensure effective implementation of good corporate governance practices.

**3.3.3** Set the board agenda and ensures that board members receive complete and accurate information in a timely manner.

**3.3.4** Plan the board meeting agenda in advance alongside the company secretary and the chief executive officer with other directors and key members of management be consulted.

**3.3.5** Ensure the provision of accurate, timely and clear information to the other directors and lead board meetings and discussions by:-

a) ensuring that adequate time is available for thorough deliberation of key issues; and

b) ensuring that decisions are taken on a sound and well-informed basis, by ensuring that all strategic and critical issues are considered by the board.

**3.3.6** Encourage active participation and allows dissenting views to be freely expressed by:-

a) promoting a culture of openness and debate whilst ensuring that no one director dominates the discussion; and

b) obtaining suggestions and comments from directors and encourages those who are less vocal to be more proactive in providing views.

**3.3.7** Manage the interface between board and management by:-

a) acting as the main conduit between management and the board; and

b) developing a positive relationship with the chief executive officer and chief operating officer.

**3.3.8** Ensure appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the board as a whole:-

a) act as a spokesperson for the board; and

b) act as the main representative of the company alongside the managing director at shareholders' meetings and on other occasions where key or major actions are taken or statements are made in the name of the company.

**3.3.9** Ensure that Executive Directors look beyond their executive functions and accept their full share of responsibilities on corporate governance matters.

### **3.4 Executive Directors**

The Group Executive Directors are :-

- a) primarily accountable for overseeing the day-to-day operations to ensure the smooth and effective running of the Group;
- b) responsible for the development and implementation of the strategies for the Group and setting the overall strategic policy and direction of the Group's business operations based on effective risk management controls;
- c) to ensure that the financial management practice is performed at the highest level of integrity and transparency and that the business and affairs of the Group are carried out in an ethical manner and in compliance with the relevant laws and regulations;
- d) to provide effective leadership to the Group and is responsible for ensuring high management competency and that an effective management succession plan is in place to sustain continuity of operations;
- e) accountable to the board and the GCOO & GED is the conduit between the Board and the Management in ensuring the success of the Company's governance and management functions; and
- f) implement the policies, strategies and decisions adopted by the Board. All Board authorities conferred on the Management is delegated through the GCEO, GCOO and GED and this will be considered as the GCEO & GCOO's authority and accountability as far as the Board is concerned.

### **4.0 BOARD COMMITTEES**

**4.1** Board Committees established by the Board are with specific terms of reference:-

- Audit Committee ("AC");
- Nominating Committee ("NC");
- Remuneration Committee ("RC");
- Sustainability Management Committee ("SMC"); and
- Risk Management Committee ("RMC").

**4.2** These Committees are designed to consider specific matters and make recommendations to the Board, nevertheless the Board must make an independent assessment of the recommendations, having regard to the Board's knowledge of the business and risks of the Company and the complexity of the structures and operations of the Company.

**4.3** Each Committee's role has been spelt out in their written Terms of Reference approved by the Board. Independent and Non-Executive Directors play a leading role in these Committees and Chairman of each Committee shall report to the Chairman of the Board on the outcome of the Committee meetings.

### **5.0 BOARD COMPOSITION AND DIRECTORS' APPOINTMENT**

#### **5.1 Board Composition**

**5.1.1** The Board shall consist of qualified individuals with diverse experiences, ethnicity, gender, age, backgrounds and perspectives. The composition and size of the Board is such that it facilitates the making of informed and critical decisions. The Constitution of the Company provides that there will be a minimum of two (2) Directors and a maximum of nine (9) Directors.



**5.1.2** In compliance to Paragraph 15.02(1)(a) and (2) of Bursa Securities Listing Requirements the Board shall ensure at least 1/3 of the board's composition are independent directors and in line with MCCG Practice 5.2, the Board shall strive to achieve a 50% composition of the independent directors.

**5.1.3** In line with MCCG Practice 5.9, the board shall strive to achieve the composition of 30% women in its overall board and senior management position and in line with MCCG Practice 5.10, disclosure shall be made in its annual report on the company's policy on gender diversity for the board and senior management.

## **5.2 Appointment of Directors**

**5.2.1** The appointment of new Director is a matter for consideration and decision by the full Board upon appropriate recommendation by the Nominating Committee.

**5.2.2** The Company Secretary is responsible to ensure that relevant procedures relating to the appointments of new Directors are properly executed.

**5.2.3** The directorships held by any Board member at any one time shall not exceed five (5) in listed companies or such other numbers prescribed by the relevant regulatory bodies.

## **5.3 Re-election and Re-appointment of Directors**

In accordance with the Company's Constitution, all Directors who are appointed by the Board are subject to election by shareholders at the first opportunity after their appointment. The Constitution also provide that at least two (2) Directors or one-third (1/3) of the Board members are to retire but may offer themselves for re-election once in 3 (three) years.

## **5.4 Independence of Non- Executive Director**

**5.4.1** Independent Non-Executive Directors shall be independent of management and free of any significant business or other relationships that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

**5.4.2** Independent Directors are to provide independent judgement, experience and objectivity without being subordinated to operational considerations.

**5.4.3** Independent Directors are to help ensure that the interests of all shareholders, and not only the interests of a particular fraction or group, are taken into account by the Board and that the relevant issues are subject to objective and impartial consideration by the Board.

**5.4.4** Independent Director's views shall carry significant weight in the Board's decision-making process.

**5.4.5** Independence of the Independent Directors shall be assessed on an annual basis and upon re-election or when any new interest or relationship develops is being declared.

## **5.5 Tenure of an Independent Director**

Tenure of an Independent Director shall not exceed a cumulative period of 12 (twelve) years from the date of his/her first appointment as an independent director in compliance to Paragraph 1.01 of Main Market Listing Requirements.

## **6.0 TIME COMMITMENT FOR ACCEPTING NEW DIRECTORSHIPS**

Directors are required to make positive contribution to the Board performance and give sufficient time and attention to the affairs of the Company. A Director shall notify the Chairman before accepting any new directorship and the notification shall include the indication of time that will be spent on the new appointment and Chairman of the Board must advise Director accordingly.

## **7.0 ASSESSMENT OF PERFORMANCE AND TRAININGS**

### **7.1 Directors' Assessment/ Board Evaluation**

**7.1.1** Assessing the effectiveness of individual Directors, the Board as a whole and its committees is carried out annually whereby the Board shall review and evaluate its own performance and the performance of its Committees. Performance evaluations shall include a review of their performance in addressing Group's material sustainability matters on economic, environment, social & governance.

### **7.2 Directors' Training and Development**

**7.2.1** All Directors are to attend training programmes conducted by highly competent professionals which are relevant to the Group's operations and business at least once annually.

**7.2.2** Nominating Committee assesses the training needs of Directors and ensure Directors have access to continuing education programme.

**7.2.3** Disclosure shall be made in the annual report on how assessment was carried out, its outcome with actions taken including education programme or trainings attended by each Directors.

## **8.0 MEETINGS**

### **8.1 Board Meetings**

**8.1.1** Meetings of the Board to be held at least five (5) times per year to ensure that all Directors are kept informed on a timely basis of all material quality information affecting the Company and, in a form, and manner appropriate for them to discharge their duties effectively, or as frequently as required.

**8.1.2** Management is responsible for providing the Board with the required information in an appropriate and timely manner. The Chairman, assisted by the Company Secretary, assesses the type of information required to be provided to the Board. If the information provided by the Management is insufficient, the Board will make further enquiries where necessary to which the persons responsible will respond as fully and promptly as possible.

**8.1.3** A full agenda and comprehensive Board papers are circulated to all Directors at least Six (6) days in advance of each Board meeting. Board papers include amongst others, the following:-

- a) Group Financial Results Review and Quarterly financial report;
- b) Minutes of meetings of all Committees of the Board;
- c) Reports on Related Party Transactions and Recurrent Related Party Transactions, if any;
- d) List of Directors' Circular Resolutions duly signed;
- e) Summary of dealings by Directors;
- f) Report on substantial shareholders;
- g) Report on EFB Corp Share prices movement;
- h) Group budgeting;
- i) Bank loans & Facilities available and
- j) Risk /Sustainability review Reports.

**8.1.4** Full Board minutes of each Board /Committee meeting are kept by the Company Secretary and are to be made available for inspection by any Director/shareholder during office hours.

## **8.2 Annual General Meetings (“AGM”)**

AGM is a principal forum for dialogue with shareholders of which all Directors and key senior management attends the meeting to respond to shareholders’ queries during the meeting and the board to:-

- a) ensure that any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll;
- b) ensure to provide this important opportunity for effective communication and constructive feedback from shareholders;
- c) ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders by having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders; and
- d) ensure minutes of the general meeting are reviewed and then circulated to shareholders through the company’s website. As in Paragraph 9.21(2)(b) of Bursa Securities Listing Requirements, summary of the key matters discussed and minutes of the general meeting, is published on the website within 30 (thirty) working days after the conclusion of the annual general meeting.

## **9.0 RESOLUTIONS**

**9.1.1** Decisions or resolutions of the Board of Directors are normally reached at a meeting. However, the Company’s Constitution also provide for the passing of resolutions without having to hold a meeting. Urgent matters that cannot wait until the next Board meeting can be dealt with by a circulating resolution. Circulating resolutions should be approved by the Chairman or Executive Directors before being circulated.

**9.1.2** Where a decision is to be passed by circular resolution, the following will shall be observed:-

- a) the subject matter in the circular resolution is not contentious in nature and material proposal will be deliberated in advance at Board meeting before any circular being subsequently circulated;
- b) all circular resolutions should be dated to ensure a proper record of all resolutions which have been circulated;
- c) relevant information and documentation (i.e., contract, declaration of interest by director) pertaining to the resolution to be passed should be attached to the circular resolution which is circulated to the Directors, so as to enable the Directors to make an informed decision;
- d) circular resolutions, which do not require the signature of all Directors, shall still be circulated to the entire Board. This is to ensure that the Board as a whole is aware of decisions that are being made; and
- e) at Board meetings, circular resolutions, which have been passed since the last Board meeting, should be circulated together with Board papers for notation of the Board.

## **10.0 REMUNERATION POLICIES & DISCLOSURES**

**10.1.1** The Board in line with MCGG Practice 7.1, shall establish remuneration 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 remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

**10.1.2** The fees of non-executive directors, and any benefits payable to non-executive directors is subject to annual shareholder approval at a general meeting.

**10.1.3** No Director other than the Executive Directors shall have a service contract with the Company.

**10.1.4** In compliance to Paragraph 11, Part A, Appendix 9C of Bursa Securities Listing Requirements, the contents of the annual report should include the remuneration of directors of the listed issuer (including the remuneration for services rendered to the listed issuer as a group) for the financial year on a named basis, stating the amount received or to be received from the listed issuer and on a group basis respectively. The disclosure must include the amount in each component of the remuneration (e.g., directors' fees, salaries, percentages, bonuses, commission, compensation for loss of office, benefits in kind based on an estimated money value) for each director.

## **11.0 ON FINANCIAL REPORTS**

The Board through the Audit Committee reviews the quarterly results and year-end financial statements prior to being approved by the board as required under Paragraph 15.12(1)(g) of Bursa Securities Listing Requirements, focusing on :-

- a) changes in or implementation of major accounting policy changes;
- b) significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed;
- c) compliance with accounting standards and other legal requirements;
- d) monitoring of integrity of the company's financial information such as ensuring information is supported by proper documents, reviewing the relevance and consistency of the accounting principles used (including criteria and principles used for consolidation) and understanding the effects of any changes in the accounting policies and practices, either as a result of changes in regulatory requirements or mooted by management for better accounting treatment;
- e) understanding the methods used to account for any complex and unusual transactions where their treatment may be open to different approaches and any significant accounting policy issues or audit adjustments recommended by auditors (those agreed by management and those waived);
- f) ensuring any significant accounting policy issues or audit adjustments recommended by auditors are communicated early enough to enable appropriate actions to be taken, as needed;
- g) assessing the company's financial position/condition including risk of tax exposures and considering the question of going concern;
- h) assessing the process of how transactions are recorded in the system to ensure accuracy, completeness and consistency of financial information, including compliance with the relevant accounting standards and other legal requirements;

i) considering related party transactions, the financial impact of such transactions and whether they have been entered into according to the terms stipulated in the shareholders' mandate or in the best interests of the company;

j) requesting external auditors to present their findings on internal control weaknesses noted during their statutory audits and highlighting findings which are disputed by management or where management has not agreed to implement remedial actions to rectify the reported weaknesses; and

k) understanding non-financial information which is relevant in assisting the audit committee to gain further insights into the company's financial results (the impact of capacity utilisation on the company's profit margin and the impact of the actions by competitors on the company's revenue).

## **12.0 CONFLICT OF INTEREST SITUATIONS AND RELATED PARTY TRANSACTIONS**

Audit Committee shall review and report to the board on any related party transactions (including recurrent related party transactions) and conflict of interest situations that is declared within the company/ group.

## **13.0 GROUP RISK MANAGEMENT AND ASSESSMENT OF INTERNAL CONTROL**

**13.1** The Board delegates Enterprise Risk Management to the Risk Management Committee ("RMC"). RMC together with Senior Management ensures establishment and implementations of risk management and internal control system in the group.

**13.2** The Board ensures to provide statement on the state of risk management and internal control in the group that contains sufficient and meaningful information needed by stakeholders to make an informed assessment of the adequacy of the company's risk management and internal control system which are review by external auditors.

## **14.0 ON SUSTAINABILITY MANAGEMENT**

The board together with senior management takes responsibility for the identification of sustainability material matters on environment, economic, social & governance including setting the company's sustainability strategies, priorities and targets by:-

a) development and the implementation of company strategies, business plans, major plans of action and risk management, the board takes into account sustainability considerations;

b) ensuring strategic management of material sustainability matters which is to be driven by senior management of the company;

c) ensuring the company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders;

d) ensuring appropriate trainings is attended by directors to ensure the board stays abreast with and understand the sustainability issues relevant to the company/group and its business, including climate-related risks and opportunities;

e) ensuring the Performance evaluations of the board members and senior management to include a review of the performance in addressing the company's material sustainability risks and opportunities;

f) identifying a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company/group; and

g) ensuring the Sustainability Statement in its annual report contains information that is balanced, comparable and meaningful with reference to the Sustainability Reporting Guide issued by the Exchange.

## **15.0 INTERNAL AUDITS**

The Board as required under Paragraph 15.27 of Bursa Securities Listing Requirements shall ensure the establishment of an internal audit function that is independent of Management and internal auditor reports directly to the Audit Committee that reports to the Board. The Board through the Audit Committee shall ensure :-

- a) that the internal audit function is effective and able to function independently;
- b) to review the adequacy of the scope, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
- c) to review the internal audit plan, processes, the results of the internal audit assessments, investigation undertaken and whether or not appropriate action is taken on the recommendations;
- d) the audit committee report contents in the annual report to include statement relating to the internal audit function of the group and whether the internal audit function is performed in-house or is outsourced and the costs incurred for the internal audit function in respect of the financial year;
- e) that internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- f) that the internal audit function is carried out in accordance with a recognised framework; and
- g) that the Internal Audit function extends its scope from governance, risk and control processes to include anti-corruption & whistleblowing.

## **16.0 EXTERNAL AUDITOR**

The Board through the Audit Committee shall ensure :-

- a) the external auditors play a vital role of accountability to shareholders where their primary role is to form an opinion on the financial statements of the company, including accounting and other records relating to those financial statements and thereafter report to the shareholders in general meetings;
- b) to review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the Company Auditors and that the External/Internal Auditors do not supply a substantial volume of non-audit services to the Company; and
- c) there are policies and procedures in place to assess suitability, objectivity & independence of external auditors.

## **17.0 STAKEHOLDER COMMUNICATIONS**

**17.1** The Board in line with Paragraph 9.21(2)(a) and (b) of the MMLR shall ensure that the following information is published on its website:-

- a) all announcements made to the Exchange pursuant to these Requirements, as soon as practicable after the same are released on the Exchange's website;

b) a summary of the key matters discussed at the annual general meeting within 30 (thirty) days after the conclusion of the annual general meeting; and

c) current, informative and contains all information relevant to shareholders including analyst's briefings.

**17.2** The Board shall ensure that there is policy on communication with stakeholders to facilitate mutual understanding of each other's objectives and expectations and Stakeholders can make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

**17.3** The Board shall ensure to establish channels for stakeholders to provide their views and feedback, complaints and communication channel to be made available at all times.

## **18.0 INVESTOR RELATIONS**

**18.1** The main function of the Investor Relation is to Communicate corporate developments, strategy and financial plans to investors/ financial community; develop shareholder management strategy; and obtain feedback from investors/financial community.

**18.2** The Board to ensure timely release of financial results on a quarterly basis to provide shareholders with an overview of the Company's performance and operations in addition to the various announcements made during the year.

**18.3** The Investor Relation meets financial analysts from time to time as a means of effective communication that enables the Board and Management to convey information relating to the Company's performance, corporate strategy and other matters affecting shareholders' interests.

**18.4** The Company leverage on information technology for effective dissemination of information where the company's website provides easy access to corporate information pertaining to the Company and its activities which is continuously updated including presentation slides which are communicated to shareholders and Investors.

**18.5** In the course of pursuing the vision and mission of the Group, the Board recognises that no company can exist by maximising shareholders value alone. In this regard, the needs and interests of other stakeholders are also taken into consideration through the Group's Sustainability effort on Stakeholder's Communication.

## **19.0 COMPANY SECRETARY**

In line with MCG Practice 1.5, the board must be 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.

The key responsibilities of the company secretaries are outlined below:-

### **19.1 On Corporate Governance Advisory**

a) To advise the board on its roles and responsibilities;

b) To monitor corporate governance developments and assist the board in applying governance practices to meet the board's needs and stakeholders' expectations including tabling the findings of Securities Commission Malaysia's Corporate Governance Monitor annually at the board meeting to deliberate and review the performance of the listed issuer compared to the levels reported in the Corporate Governance Monitor;

c) To ensure adherence to the board's and board committees' policies and procedures including advising directors to abstain from decision making in conflict-of-interest situations; and

d) To facilitate the orientation of new directors and assist in directors' training and development.

### **19.2 On Compliance Advisory**

a) To provide updates and assist the board with interpreting regulatory requirements related to company and securities regulations as well as listing requirements;

b) To advise the board on its obligatory requirements to disclose material information to shareholders and financial markets in a timely manner;

c) To notify the board of any possible violations of regulatory requirements; and

d) For complex matters that requires technical expertise, take heed from the compliance department or authorities.

### **19.3 Information Flows and Meetings**

a) To manage the board and the board committee meeting arrangements, attend and record minutes of board and board committee meetings as well as facilitate board communications; and

b) To ensure that the decisions of the board and board committees are relayed to management to act upon.

### **19.4 Stakeholder Communication**

a) To manage processes pertaining to the general meetings;

b) To serve as a focal point for stakeholders' communication and engagement on corporate governance issues; and

c) To serve Board members who shall have unlimited access to the professional advice and services of the Company Secretary as and when needed.

## **20.0 BOARD DISPUTE RESOLUTION**

The Board shall commit to reach a prompt and fair resolution of any disputes, conflicts, or disagreements that may arise from time to time that may threaten the functioning of the board as a whole. Disputes such as: -

a) Between Directors;

b) By a Director regarding a Board policy, process or procedure; and

c) By a director regarding a resolution of the Board.

### **20.1 Resolution Policy**

The Board of Directors shall resolve any issues or concerns that they may have at the earliest opportunity. It is important that as issues do arise, they are dealt with in a fair and timely manner. While some conflicts will be resolved by an informal discussion between the parties, others will need a process for successful resolution. On Dispute resolution principles, the board has endorsed the following principles for directors to follow:-



- a) Respect for another's point of view;
- b) Commitment to resolving the issue;
- c) Willingness to compromise;
- d) Confidentiality;
- e) Impartiality;
- f) Respect;
- g) Prompt action; and
- h) Freedom from repercussions.

## **20.2 Procedure**

**20.2.1** The dispute must be set out in writing and sent to the Chairman of the Board. The Chairman shall acknowledge receipt of this document within 7 (seven) working days.

**20.2.2** The Chairman shall use his or her discretion to bring the issue to the next board meeting or call an extraordinary Board meeting.

**20.2.3** When dispute is raised at the Board meeting, all person(s) involved in the dispute will be given the right to speak.

**20.2.4** The matter should be discussed with all Directors present, unless they have advised the Chairman, preferably in writing, that they are aware there is a dispute resolution meeting being held and they are unable to attend.

**20.2.5** The Chairman shall then call for a motion from the Board, e.g., to appoint an independent assessor, seek mediation, call a special meeting, or to dismiss the complaint. All Directors present at the meeting will have to vote on the motion.

**20.2.6** A Board decision may be reviewed in situations where: -

- a) new information has emerged that was not available when the original decision was made;
- b) The Board has become aware of an error in previous information that was used to make the decision; and
- c) A Director did not feel able to present his or her case at the time the Board made its decision.

## **20.3 Mediation Policy**

**20.3.1** All decisions by the Board shall be decided by a majority votes of the directors as per its Constitution and such decisions shall be binding all the members of the board and the company.

**20.3.2** Should any board members has a serious disagreement over any matter decided by the Board, the relevant member can make representations to the Chairman to request a particular matter to be reconsidered by the Board.

**20.3.3** If the Chairman agrees to the representations by such board member, a Board meeting shall be convened to consider the matter again and the majority decision by the board at such reconvened meeting shall be binding and final.

## **20.4 Responsibilities**

It is the responsibility of the Board Chairman to ensure that: -

- a) Board members are aware of this policy; and
- b) Disputes are handled respectfully, confidentially and in accordance with natural justice.

This Board Charter and any updates to the principles and practices of this Charter is made available on the Company's website.

Policy adopted in: Sept 2019 - Effective: October 2019  
Reviewed in: October 2021 - Effective: November 2021  
Reviewed in: Aug 2023 - Effective: Sept 2023

\*\*\*\*\*end\*\*\*\*\*