

EPB GROUP BHD Registration No.: 202201007128 (1452825-U)	DOC. NO.	EPBG-POL-MO-01
	REV. NO.	0
DOCUMENT: BOARD CHARTER	EFF. DATE	25 OCT 2022

1.0 INTRODUCTION

The Board of Directors ("**Board**") of EPB Group Bhd ("**Company**") is committed to ensure that good corporate governance is being practiced by the Company and its subsidiaries ("**Group**") in order to safe guard stakeholders' interests as well as enhancing shareholders' value.

2.0 PURPOSE

This Board Charter sets out the roles, responsibilities, functions, compositions, processes and operations of the Board as well as those functions delegated to the Board Committees and the management of the Group.

3.0 THE BOARD

3.1 Composition

- a) The Board shall consist of qualified individuals with a diverse set of skills, knowledge, professional / industry experience to ensure it discharges the Board's roles and responsibilities for the benefit of the Company and its business.
- b) The composition of the board should comply with the: -
 - a. relevant provisions of the company's constitution; and
 - b. ACE market listing requirements of Bursa Malaysia Securities Berhad, which requires that independent non-executive directors make up at least 2 members or 1/3 of the membership of the board, whichever is higher.
- c) The tenure of an Independent Director shall not exceed a cumulative term of nine (9) years, unless subject to the recommendation of the Board (based on assessment), shareholders' approval on an annual basis for the said Independent Director to continue to serve the Company as an Independent Director after the said nine (9) years. The tenure of an independent director of the Company shall not exceed a cumulative term of twelve (12) years.
- d) The composition and size of the Board shall be assessed by Nomination and Remuneration Committee to ensure the Board is of an appropriate range and balance of skills, experiences, independence, background and diversity.
- e) The Board will ensure compliance with laws and regulations. It will also take into serious consideration MCCG Best Practices. However, where permissible, decisions will be made on a case by case basis, in the interest of the Group.

3.2 Appointment and Re-election

- a) The Board has the power under the Company's Constitution to appoint a director from time to time either to fill a casual vacancy or as an additional director. Any director so appointed shall hold office only until the next following Annual General Meeting ("**AGM**") and shall then be eligible for re-election at the AGM.
- b) The selection and appointment of a new member to the Board is made upon the recommendation from the Nomination and Remuneration Committee based on his / her merits and potential contribution which he / she brings to the Board.
- c) Further, the Company's Constitution provides that an election of Directors shall take place each year at the AGM of the Company where one-third (1/3) of the Directors for the time being, or, if their number is a multiple of three (3), then the number nearest to one-third shall retire from office and be eligible for re-election PROVIDED ALWAYS that all Directors shall retire from office once at least in each three (3) years

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and shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.

3.3 Independence of Director

- a) The Board shall assess the independence of each existing independent director annually by taking into consideration their disclosed interests and having regard to the criteria for assessing the independence of director under the annual Board Assessment.
- b) A Director is considered to be independent if the Director satisfies the criteria for independence as prescribed in Rule 1.01 and Section 1.1 of Guidance Note 9 (*as per appendix 1 here*) for of the ACE Market Listing Requirements ("**AMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Malaysia**")
- c) The Independent Directors are to ensure that the interests of all shareholders are taken into account by the Board and the relevant issues deliberated are subjected to impartial consideration by the Board.

3.4 Other Directorships / Consultancy

A director may accept outside appointments to other public companies' boards, provided that such director must notify the Board before accepting any new directorship or consultancy.

3.5 Board's Role

The Board assumes the following principal duties and responsibilities:

- a) reviewing and monitoring the implementation of the management's business plans;
- b) overseeing the conduct of the business of the Group and monitoring whether the businesses are being properly managed in line with the Group's policies and procedures as well as any relevant rules and regulations;
- c) reviewing the risk management systems of the Group, including the management of principal risks affecting the Group's businesses;
- d) reviewing the adequacy and the integrity of the internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines and to ensure the implementation of appropriate internal controls and mitigation measures;
- e) evaluating and fixing the remuneration of the Group Chief Executive Officer and Executive Directors of the Group; and
- f) monitoring and reviewing the Group's investor relations programme and shareholders communication;

The Board may, subject to their responsibilities, from time-to-time delegate specific functions of day-to-day operations to executive management.

In discharging the above responsibilities, all directors, whether as a Board or in an individual capacity, are entitled to request and receive additional information including independent professional advice as they consider necessary and reasonable to enable them to make informed and independent decisions.

Note – This para is put here, in place of the Access of Information paragraph. This is provided by law, so we can put it in, to satisfy Bursa.

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3.6 Matters Reserved for the Board

The following are matters which are specifically reserved for the Board's approval which include, amongst others, reviewing the following:

- a) annual business plans and financial budget prepared by the Management;
- b) material investments, material divestments, mergers and acquisitions, new ventures and corporate restructuring;
- c) material acquisitions and disposals of undertakings and properties, including major capital expenditure and capital management;
- d) issuance corporate guarantees and parental guarantees by the Group;
- e) the Management structure and the threshold / authority limits delegated to the Management;
- f) annual financial statements and interim financial results prior to release to Bursa Malaysia;
- g) appointment, resignation / termination of directors and the Group CEO (based on recommendation of the Nomination and Remuneration Committee);
- h) any related party transactions;
- i) internal and external audit plans;
- j) interim dividends and recommendation of final dividend for shareholders' approval;
- k) establishment of Board Committee and delegation of authorities to such committee to carry out certain functions and responsibilities on behalf of the Board; and
- l) any other matters that the Board may deem necessary from time to time.

3.7 Positions of Chairman and Managing Director

The Board shall appoint a Chairman from among the Directors. The position of the Chairman of the Board and the Managing Director / Group CEO shall be assumed by different persons with a clear division of power and responsibilities.

The Chairman is primarily responsible for ensuring the Board's effectiveness and conduct as well as facilitating constructive deliberation of all matters presented to the Board. The Group CEO is responsible for the implementation of corporate and business strategies for the Group and managing the day- to-day operations of the Group.

The key roles and accountabilities of the Chairman, amongst others, are as follows:

- a) the Chairman shall preside at all Board and general meetings unless he / she so delegates;
- b) to lead the Board in establishing and maintaining good corporate governance practices in the Group;
- c) to facilitate the constructive and effective contribution from all Directors at Board meetings;
- d) to promote constructive and respectful relations amongst Directors, and between the Board and Management;

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- e) to manage the boardroom dynamics by promoting a culture of openness and debate;
- f) to set the board meeting agenda and ensuring the Board members receive complete and accurate information in a timely manner to facilitate deliberation and decision-making;
- g) to represent the Company at shareholders' meetings and promote an effective communication between the Company and shareholders and all stakeholders; and
- h) to oversee the annual evaluation of performance of the Board, Board Committees and individual directors as well as to discuss the performance and assessment with the individual director concerned and the chairmen of the respective Board Committees.

The Managing Director has the overall responsibility for the business and operation units, organisational effectiveness and implementation of the Board's policies, strategic plans and decisions. The key roles and accountabilities of the Managing Director, amongst others, are as follows:

- a) to develop and implement corporate and business strategies for the Group;
- b) to develop and implement long term and short-term business plans to achieve the Group's objectives in terms of growth and profitability aimed at building sustainable value for shareholders and stakeholders. Management of material sustainability will be driven by senior management;
- c) to and co-ordinate the business plans and strategies and supervise the respective heads of business and operation units and divisions to ensure the same are implemented effectively;
- d) to ensure the efficiency and effectiveness of the operations, and adequacy of internal controls as well as risk management systems of the Group;
- e) to keep the Board fully informed of all important aspects of the Group's operations on a timely, accurate and regular basis;
- f) to communicate effectively the Company's vision, mission, core value as well as management philosophy and strategic action plans to the employees;
- g) to assess any business opportunities and investments with potential benefits and within the Group's objectives;
- h) to maintain good relationship with employees and to provide a healthy and safe working environment for the employees; and
- i) to ensure the Group complies with relevant laws and regulations; and any other duties and responsibilities as may be delegated by the Board.

3.8 Board Committee

The Board may from time to time establish a committee as it considers appropriate to assist the Board in discharging its duties and responsibilities. The Board Committees shall operate within the defined roles and responsibilities as set out in their terms of reference as approved by the Board. The chairman of the respective Board Committee reports / updates the Board on the outcome of the Board Committee meetings and the minutes of every Board Committee's meetings shall be escalated to the Board for notation.

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The Board has established the following Board Committees with written terms of reference, which shall be periodically reviewed and updated as required, to assist the Board in furtherance of its duties:

- a) Audit and Risk Management Committee;
- b) Nomination Committee; and
- c) Remuneration Committee.

The Chairman of the respective Committee reports to the Board on the outcome of the Committee meetings and such reports or minutes will be included in the Board Papers.

3.9 Nomination and Remuneration Committee ("NRC")

The NRC shall have at least three (3) members comprising at least 2/3 of independent and / or non-executive Directors. The NRC is to assist the Board in identifying and to recommend for the Board's approval new appointments and / or re-elections of Directors, review the terms of employment and propose remuneration for Directors as well as the diverse set of skills, knowledge, professional / industry experiences.

The NRC also assesses the effectiveness of the Board as a whole, the Board Committees as well as the performance of each individual Director on an annual basis.

3.10 Board Meetings

- a) The Board shall meet at least four (4) times a year, once in every financial quarter with additional Board meetings to be convened as and when necessary. The quorum necessary for the transaction of any business deliberated at a Board Meeting shall be two (2).
- b) The Chairman of a Board Meeting shall have a second or casting vote unless where only two (2) Directors who form a quorum are present or at which only two (2) Directors are competent to vote in the question at issue, the Chairman shall not have a casting vote.
- c) The Board members shall be provided with the meeting agenda and meeting papers on financial performance, business progress reports, corporate development, regulatory updates, business development, audit reports, risk management reports and material updates with accompanying notes and explanations to be provided to the Board members on a timely basis and before the Board meeting to ensure the Board members are well informed and have sufficient time to review the same as well as to seek additional information, clarification and advice, if required.
- d) The Board may invite Senior Management, Company's auditors and any other external advisors to attend the Board meeting, where necessary, to furnish the Board with the information, clarification and advice needed to assist the Board for deliberation and any decision making.

3.11 Directors' Remuneration

- a) The Board will determine the level of remuneration paid to directors by taking into consideration the recommendations of the Nomination and Remuneration Committee. The remuneration package, which consists of salary, allowance, employers' contribution to the bonus, incentive, and other benefits are accorded to the executive directors. The package is structured to reward the executive directors based on corporate and individual performance with close links to the Group's operational and financial performance.
- b) Fees payable to non-executive directors shall be remunerated by a fee for their positions in the Board and Board Committee, and meeting attendance allowances.

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3.12 Directors' Training & Continuing Education

- a) All new directors shall be provided with the orientation and education programme. In addition to the Mandatory Accreditation Programme as required by Bursa Malaysia, Directors shall continue to update their knowledge and enhance their skills through continuing education programmes. The continuous education is essential for the directors to keep abreast with the dynamic environment in which the Group operates and to enable the directors to effectively discharge their duties and hold active participation in Board deliberations. The Board and each director shall assess the training needs of the directors and oneself respectively from time to time.
- b) The Board shall assess and evaluate the training needs of its Directors on a continuous basis and the Company Secretaries shall assist by organising internal or external training, seminar, workshop and briefing for the Board.

4.0 INVESTOR RELATIONSHIPS AND SHAREHOLDER COMMUNICATION

- a) The Board recognises the importance of effective communication with its shareholders, investors and all other stakeholders.
- b) The Company dispatches its Notice of AGM to Shareholders, at least 21 days before the AGM, in compliance with the Companies Act and Listing Requirements. The additional time given to Shareholders allows them to make the necessary arrangements to attend and participate either in person, by corporate representative, by proxy or by attorney.
- c) The Company's Announcements may be obtained via Bursa Malaysia's website at www.bursamalaysia.com.
- d) The Company may hold a press conference after AGM or EGM, where necessary.
- e) The Company may conduct briefings with financial analysts and fund managers from time to time as a means of maintaining and improving investor relationship, where necessary.
- f) The Company shall provide up-to-date information on investor relations via the Company's website.

5.0 COMPANY SECRETARIES

The Company Secretaries play an important advisory and compliance role, and is a source of information and advice to the Board and Board Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company and the Group. The Board has direct and unrestricted access to the advice and services of the Company Secretaries. The appointment of the Company Secretary is decided by the Board.

6.0 FINANCIAL REPORTING & EXTERNAL AUDITORS

- a) The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects, primarily through the annual audited financial statements, interim financial results to shareholders and other stakeholders of the Company.
- b) The annual audited financial statements are prepared so as to give a true and fair view of the state of affairs of the Group and the Company in accordance with the Companies Act, 2016 and approved accounting standards in Malaysia.

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- c) The Board has established a transparent and appropriate relationship with the Groups' external auditors in seeking professional assurance in respect of the financial statements of the Group and the Company in compliance with the accounting standards in Malaysia.
- d) The Board shall review the scope and results of the audit and its cost effectiveness as well as the independence and objectivity of the external auditors throughout the conduct of the audit engagement in accordance with the requirements of all relevant professional and regulatory bodies.
- e) The appointment of the external auditors is subject to the shareholders' approval at the general meeting of the Company. The external auditors have to retire during the Annual General Meeting of the Company every year and their re-appointment must be approved by the shareholders for the ensuing year.

7.0 CONFLICT OF INTEREST

Directors shall disclose their shareholdings and interest in the Company and the Group as well as interest in any contract or proposed contract in accordance with the relevant requirements of the Companies Act, 2016 of Malaysia, the Company's Constitution and the listing requirements of Bursa Securities, where applicable.

Every director who is interested directly or indirectly in any contract or arrangement or proposed contract or arrangement shall declare his / her interest to the Board as soon as he / she becomes aware of such contract or arrangement and such director shall not participate in deliberations concerning such contract or arrangement nor shall he / she cast his / her vote in respect of any matter arising therefrom. The declaration made by the Director will be recorded in the Minutes of the Board Meeting.

8.0 CODE OF ETHICS

- a) The Board understands its responsibility for good Corporate Governance. Thus, it strives to follow the principles and best practices as stated in the Group's Code of Ethics.
- b) The Group has in place, a Code of Ethics for its Directors and Employees.
- c) The Code of Ethics of the Group sets out the principles and standards of ethics and good conduct expected of Directors and Employees in carrying out their duties and responsibilities.

9.0 COMPLIANCE WITH THE LAW

The Group shall comply with all applicable laws, rules and regulations of governmental agencies and authorities in jurisdictions within which the Group relates.

10.0 REVIEW OF BOARD CHARTER

The Board of Directors shall review the Board Charter as and when deemed necessary.