



PIMPINAN EHSAN BERHAD

(201601021838) (1192777-W)

(Incorporated in Malaysia)

BOARD CHARTER

1.0 Introduction

The Board is accountable and responsible for the performance of the Company and the manner in which the affairs of the Company are managed. Each Director has a legal duty to act in the best interest of the Company and Board members are expected to show good stewardship and act in a professional manner.

2.0 Objective

This Board Charter which sets out the role, functions, composition, operation and processes of the Board is to ensure that all Board members of the Company are aware of their duties and responsibilities.

The Board Charter act as a source reference and primary induction literature to provide insights to prospective Board members. It will also assist the Board in the assessment of its own performance and of its individual Directors.

3.0 Composition of the Board

The Board should consist of qualified individuals with diverse set of skills, experience, knowledge and gender, where appropriate, necessary to lead and control the business to cope with the 3Cs i.e. Complexities, Competition and Changes. The Board believes that the presence of diverse ethnicities, nationalities and gender mix on the Board can widen the Board's perspective in effectively discharging its duties and responsibilities. While promoting diversity, due recognition to the financial, technical, experience, competency, character, time commitment, integrity and potential contribution of the Director's concern and business imperative should remain a priority. In line with the Corporate Governance Blueprint 2011 to ensure women participation on Boards reaches 30% by year 2016, despite not setting any specific target for the Company, the Board will give due consideration towards meeting this target when considering new appointments.

The Board should also be capable of and perceived to exercise independent judgement. Non-Executive Directors should also be persons of caliber, credibility and have the necessary skill and experience to bring an independent judgement to bear on the issues of strategy, performance and resources, including key appointments and standards of conduct. The Independent Non-Executive Directors help to ensure that the interests of all shareholders, and not only the interests of a particular fraction or group, are indeed considered by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board.

4.0 Members of the Board

The Board should comprise of a minimum of two (2) Directors and a maximum of 12 Directors. At any one time, at least two (2) or one-third (1/3), whichever is higher, of the Board members are Independent Non-Executive Directors. The tenure of an Independent Non-Executive Director shall not exceed a cumulative term of nine (9) years.

All Directors are expected to give sufficient time and attention to the affairs of the Company. Directors are also required to keep abreast of changes in regulatory, laws and accounting standards and development in corporate governance, broad business trends, strategy, financial instruments and technology advancement through reading of relevant industry and business publications and/or attending training programme and relevant conferences. Directors who are well informed would be in a better position to evaluate proposals made by Management and to ask the right questions; hence, be more effective as Directors. In any given circumstances, directorships held by any Board member in listed companies shall not exceed five (5) at any one time.

The composition and size of the Board are reviewed from time to time to ensure its appropriateness. All Directors are subjected to retirement by rotation and re-election at AGM.

5.0 Directors' Training

New Directors are provided with appropriate briefings on the Company's affairs (its vision and mission, philosophy and nature of business, current issues within the Company and Group, the corporate strategy and the expectations of the Company concerning input from Directors). The Company Secretary is primarily responsible for the induction programme with appropriate assistance from the Executive Directors.

In addition to the Mandatory Accredited Programme (MAP) required by Bursa Malaysia Securities Berhad, Board members are also required to attend training programmes which are relevant to the Company's operations and business. The Board will assess the training needs of the Directors.

6.0 Directors' Remuneration

The performance of Directors is measured by the Directors' contribution and commitment to both the Board and the Company. The Executive Directors' remuneration will depend on the Company and individual performance, seniority in service, experience and scope of responsibility.

In the case of Non-Executive Directors, the level of remuneration reflects the contribution and level of responsibilities undertaken by the particular Non-Executive Director.

7.0 Duties and Responsibilities of the Board

The Board's primary commitment is to lead and oversee the business of the Company and to ensure that the conduct of the Company's operations promotes business sustainability, integrity and complies with relevant law, rules and regulations. The

Board's effectiveness in carrying out its role and duties shall be evaluated at least on an annual basis. This duty shall be discharged to the Board Nominating Committee.

The Board's functions and responsibilities amongst others, includes;

- (a) Provide strategic drive for the Company and Group by guiding top management in developing corporate strategy. The Board is to ensure that the companies they govern remain competitive by having in place a robust strategy that focuses on sustainable value creation. Attention should be given to environmental, social and governance aspects of business which underpin sustainability;
- (b) Oversee the conduct of the business of the Company and Group and to evaluate whether the business is being properly managed. In this respect the Board must ensure that there are objectives in place against which management's performance can be measured;
- (c) Identify principal risks and ensure the implementation of appropriate systems to manage those risks. The target is to achieve a proper balance between risks incurred and potential returns to shareholders;
- (d) Review the adequacy and the integrity of the internal control systems and management information systems of the Company. The Board must ensure that there is a satisfactory framework of reporting on internal financial controls and regulatory compliance;
- (e) Establish an internal audit function in order to obtain assurance of regular review and/or appraisal of the effectiveness of the system of internal controls within the Company and Group;

- (f) Develop position descriptions for the Board and for the Managing Director (“MD”)/Executive Director (“ED”) involving definition of the limits to management’s responsibilities, together with the MD/ED;
- (g) Ensure succession planning, including appointing, training, fixing the compensation of and where appropriate replacing senior management (a person in power to make impact on the running of the business of the Company and Group). The Board will assess the MD’s/ED’s performance against the objectives established by the Board in cooperation with the MD/ED and will assess his or her contribution on corporate strategy;
- (h) Appoint a committee of Directors with the responsibility of proposing new nominees for the Board and for assessing Directors on an on-going basis. The actual decision as to who shall be nominated should be the responsibility of the full Board after considering the recommendations of such a committee;
- (i) Exercise an adequate degree of independence and have a practice to allow Directors to meet and exchange views. This gives the Board the opportunity to effectively assess the direction of the Company and Group and the performance of the management;
- (j) Endorse appointment, evaluation and development plans for pivotal positions based on discussions with management;
- (k) Set remuneration at levels which are sufficient to attract and retain the Directors needed to run the Company successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved. The Board Remuneration Committee develop and recommend the remuneration package of the Executive Directors. The decision of both Executive Directors’ remuneration and Non-Executive Directors’ fee should be the responsibility of the Board as a whole;
- (l) Establish an overall remuneration policy and framework and performance management philosophies for key management positions in the Company and the entire organisation;
- (m) The Board’s effectiveness in carrying out its role and duties shall be evaluated at least on an annual basis. This duty shall be discharged to the Board Nominating Committee;
- (n) Ensure the assessment of the independence of its Independent Non-Executive Directors is undertaken annually;
- (o) Ensure the management develop and implement an investor-relations programme or shareholder communications policy for the Company. This policy should include how feedback received from its shareholders are considered by the Company when making business decisions;

- (p) Conduct a business presentation where necessary, with a question and answer session in AGMs;
- (q) Receive and seek information that is not just historical or bottom line and financial oriented but information that goes beyond assessing the quantitative performance of the Group to include other performance factors/qualitative factors;
- (r) Have a formal schedule of matters specifically reserved for the Board's decision to ensure that the direction and control of the Company is firmly in the Board's hands. The schedule of matters specifically reserved for the Board should be kept up to date;
- (s) Review, challenge and decide on management's proposals for the company, and monitor its implementation by management;
- (t) Ensure that senior management has the necessary skills and experience;
- (u) Ensure there are measures in place to provide for the orderly succession of the board;
- (v) Ensure that the company has in place procedures to enable effective communication with stakeholders; and
- (w) Ensure that all its directors are able to understand financial statements and form a view on the information presented.

8.0 Frequency of Board Meetings

The Board shall conduct at least four (4) meetings annually, with additional meetings to be convened as and when necessary.

All Directors will be provided with the performance and progress reports on a timely basis prior to the scheduled Board meetings. A full agenda of the meeting and all Board Papers, including complicated issues or specific matters, would be distributed in advance to ensure Directors are well informed and have the opportunity to seek additional information, and are able to obtain further clarification from the Company Secretary, should such a need arise. Where necessary, the services of other senior management or external consultants will be arranged to brief and help the Directors to clear any doubt or concern.

9.0 Matters Reserved for the Board

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

- (a) approval of corporate plans and programmes.
- (b) approval of annual budgets, including major capital commitments.
- (c) approval of new ventures.
- (d) approval of material acquisitions and disposals of undertakings and properties.
- (e) changes to the management and control structure within the Company and Group, including key policies (treasury policies, risk management policies and key human resource issues) and delegated authority limits.

10.0 Powers of the Board

There should clearly be an accepted division of responsibilities at the head of the Company which will ensure a balance of power and authority such that no one individual has unfettered powers of decision.

All Executive and Non-Executive Directors have the same right of access to information. There should be an agreed procedure whereby the Directors, collectively or individually, may seek independent professional advice in furtherance of their duties at the Company's expense. In addition, all Directors should have access to the advice and services of the Company Secretary.

Where the Board appoints a committee, it should spell out the authority of the committee and in particular, whether the committee has the authority to act on behalf of the Board or simply has the authority to examine a particular issue and report back to the Board with a recommendation

11.0 Chairman of the Board

The Chairman is appointed from a member of the Board. The Chairman provides visionary leadership and guidance to the Board from the aspect of governance.

The responsibilities of the Chairman amongst others, includes;

- (a) Lead the Board in setting the values and standards of the Company;
- (b) Provides leadership to the Board by helping the Board fulfil the goals it sets by assigning specific tasks to members of the Board;
- (c) Ensures proper flow of information to the Board, reviewing adequacy and timing of documentation in support of management's proposals. In addition, the Chairman ought to organise and present the agenda for regular or special Board Meetings

based on input from Directors and ensure that all relevant issues are on the agenda, issues discussed are forward looking and concentrates on strategy. The primary responsibility of the chair also involves him organising information necessary for the Board to deal with the agenda and for providing this information to Directors on a timely basis;

- (d) Provides a reasonable time for discussion at the meeting. Furthermore, the Chairman should encourage a healthy debate on the issue and bring to the Board objectivity and independence in the deliberations. Chairman should also maintain control of proceedings without dominating discussions;
- (e) Ensures adequate lead time for effective study and discussion of business under consideration and that Board Resolutions are put to a vote if necessary to ensure
- (f) that it is the will of the majority and not that of the dominant shareholder that prevails and that genuine disagreements have been aired and resolved;
- (g) Establishes standards for preparation of Board Papers and reports;
- (h) Acts as liaison between the Board and management and carries out other duties as requested by the Board as a whole, depending on need and circumstances;
- (i) Identifies guidelines for the conduct of the Directors, and ensures that each Director is making a significant contribution;
- (j) Ensures that all Directors, Executives and Non-Executives alike, are enabled and encouraged to participate fully in all its activities. This includes making certain that Directors, especially Non-Executive Directors receive timely, relevant information tailored to their needs and that they are properly briefed on issues arising at Board Meetings;
- (k) Manages the processes of the Board and ensures that the Board discharges their responsibilities;
- (l) Ensures the balance of membership, subject to Board and shareholder approval;
- (m) Develops position descriptions for the Board and for the MD/ED, involving definition of the limits to management's responsibilities together with the MD/ED. In addition, the Chairman should develop with the MD/ED, the corporate objectives, which the MD/ED is responsible for meeting;
- (n) Provides a formal schedule of matters specifically reserved for the Board's decision to ensure that the direction and control of the Company and Group is firmly in the Board's hands;

- (o) Maintains an effective communications policy (together with the MD/ED) that enables both the Board and management to communicate effectively with its shareholders, stakeholders and the public generally;
- (p) Acknowledges the recommendations for improving the quality of AGMs as set forth by the Malaysian Code on Corporate Governance;
- (q) Secures good corporate governance and ensures that Executive Directors look beyond their Executive function and accept their full share of responsibilities on governance. Given the importance and particular nature of the Chairman's role, it should in principle be separated from that of the MD/ED; and
- (r) Delineates rules to determine the materiality of any transaction and should establish clearly which transactions require multiple Board Signatures. Board should also agree on the procedures to be followed especially when decisions are required between Board Meetings.

11.0 Managing Director ("MD") / Executive Director ("ED")

The MD/ED is a member of the Board. He is accountable and responsible for the day to day management of the Company's business and the implementation of the plans, targets and policies set by the Board. He is assisted in the management of the business by the Management. The MD/ED shall be supported by the Board members in undertaking its responsibilities.

The responsibilities of the MD/ED amongst others, includes;

- (a) Serves as the conduit between the Board and management in ensuring the success of the Company's governance and management functions;
- (b) Meet regularly with the Board, with due notices of issues to be discussed and should record its conclusions in discharging its duties and responsibilities;
- (c) Develops and recommends to the Board, annual business plans and budgets that support the Company's long-term strategy and vision for the Company and Group that leads to the creation of shareholder value. In addition, the MD/ED should strive to achieve the Company's financial and operational goals and objectives, maintain a satisfactory competitive position within its industry and ensures continuous improvement in the quality and value of the products and services provided by the Company and Group;
- (d) Formulates and oversees the implementation of major corporate policies, runs the day-to-day business and implement the policies, strategies and decisions adopted by the Board. All Board authorities conferred on the management is delegated through the MD/ED and this will be considered as the MD's/ED's authority and accountability as far as the Board is concerned;

- (e) To be accountable to the Board for the financial management and reporting, including forecasts and budgets of the Company;
- (f) Ensures that the Group has an effective management team below the level of the MD/ED and has an active plan for its development and succession;
- (g) Fosters a positive corporate culture that promotes ethical practices, encourages individual integrity and fulfils social responsibility to attract, retain and motivate a diverse group of top quality employees at all levels;
- (h) Ensure, in cooperation with the Board, that there is an effective succession plan in place for the MD/ED position;
- (i) Serves as the chief spokesperson for the Company; and
- (j) Liaise with the Chairman and carries out other duties as directed by the Board as a whole.

13.0 Non-Independent Non-Executive Directors (“NINEDs”)

NINEDs do not participate in the day-to-day management of the Company. NINEDs will contribute their particular expertise and experience in assisting the development of business strategy of the Group and to make insightful contribution to the Board’s deliberations. NINEDs also assist and ensure the Board adopts a good corporate governance practice within the group.

The duties of the NINEDs amongst others, includes;

- (a) Act in good faith and in the best interest of the Company;
- (b) Oversee the conduct of the Company’s business and to evaluate whether the business is properly managed. In this respect, they must ensure that there are objectives in place against which management’s performance can be measured;
- (c) Develop position descriptions for the Board and for the MD/ED together with the MD/ED and the full Board, involving definition of the limits to management’s responsibilities;
- (d) Ensure the highest calibre of senior management when appointing, training, assessing and providing for succession;
- (e) Review and monitor the performance of the Company, achievement of its objective and targets;

- (f) Exercise greater vigilance and professional scepticism in understand and shaping the strategic direction of the Company;
- (g) Attend the AGM, fully understand the suggestions and comments given by the shareholders;
- (h) Keep abreast of issues relating to the Company and Group between meetings;
- (i) Meet regularly with the Board, with due notices of issues to be discussed and should record its conclusions in discharging its duties and responsibilities;
- (j) Acknowledge the recommendations for improving the quality of AGMs as set forth by the Malaysian Code on Corporate Governance;
- (k) Maintain an effective communications policy that enables both the Board and management to communicate effectively with its shareholders, stakeholders and the public generally; and
- (l) Provide relevant checks and balances, focusing on shareholders and stakeholders' interests and ensure that high standards of corporate governance are applied.

14.0 Independent Non-Executive Directors (“INEDs”)

The INEDs are independent of management and free from any business or other relationships that could materially interfere with the exercise of their independent judgment. They ensure that the interests of all shareholders are taken into account by the Board and that the relevant issues are given objective and impartial consideration by the Board.

The INEDs do not participate in the day-to-day management of the Company and do not engage in any business transaction or other relationships with the Company so as to ensure that they exercise their independent judgment and act in the best interest of the Company.

The duties of the INEDs amongst others, includes;

- (a) Review, approve or disapprove management's corporate strategy proposal. In doing so, they should bring an objectivity and breadth of judgement to the strategic planning process, as they are not involved in the day to day management of the business. If they are to independently judge the merits of a management's proposal concerning strategic or business plans, they need to evaluate elements, which should be considered in the process of creating the strategic plan for the Company;

- (b) INEDs should bring independence of judgement and objectivity to Board deliberations and must not be compromised by, amongst others, familiarity or close relationship with other Board members;
- (c) Acquire and provide the necessary skill and experience to bring an independent judgement to bear on the issues of strategies, performance and resources including key appointments and standards of conduct;
- (d) Mitigate any possible conflict of interest between the policy-making process and the day-to-day management of the Company; and
- (e) Provide a check and balance to the Board

15.0 Senior Independent Non-Executive Directors (“Senior INED”)

The Board may select among its INEDs and appoint a Senior INED. The selection of Senior INED is based on his experience and the significant influence he has within the Board, his ability to convey concerns of the INEDs on the Board to the other members of the Board and in the event of dissention between the Chairman and/or MD/ED of the Company in the execution of their duties as INEDs.

The duties of the Senior INED amongst others, includes:

- (a) Act as a sounding board for the Chairman by meeting or speaking to Chairman regularly to;
 - ensure all INEDs have an opportunity to provide input on the agenda, and advise the Chairman on the quality, quantity and timeliness of the information submitted by Management that is necessary or appropriate for the INEDs to perform their duties effectively;
 - consult the Chairman regarding Board meeting schedule to ensure the INEDs can perform their duties responsibly and with sufficient time for discussion of all agenda items; and
 - serve as the principal conduit between the INEDs and the Chairman on sensitive issues, for example issues that arise from 'whistle-blowing'.
- (b) Provide leadership and advice to the Board by being available for confidential discussions with other Non-Executive Directors (“NED”) who may have concerns which they believe have not been properly considered by the Board as a whole and/or there is perceived conflict of interest involving the Chairman; and
- (c) Serve as a designated contact for consultation and direct communication with shareholders on areas that cannot be resolved through the normal channels of contact with the Chairman and/or MD/ED, or for which such contact is inappropriate.

16.0 Directors' Independence

The Board defines INED as one who is independent and free from any business or other relationship that could interfere with the exercise of independent judgement or the ability to act in the best interest of the Company and are willing to express their opinions at the Board table free of concern about their position or the position of any third party. The Board believes that is impossible and/or impractical to formulate a list of criteria which is appropriate to characterise, in all circumstances, whether a NED is independent and choose to recognise amongst others, the spirit, intention, purpose and attitude of each NED to be considered as exhibiting independent judgement or the ability to act in the best interest of the Company. In determining/assessing the 'independence' of its Directors, the Company also adopts the provisions of the Listing Requirements of Bursa Malaysia as follows:

- (i) Not an executive director of the Company or any related corporation ("said Corporation");
- (ii) Has not been within the last three (3) years and is not an officer (except as a NED) of the said Corporation;
- (iii) Is not a major shareholder of the said Corporation;
- (iv) Is not a family member of any MD/ED, officer, or major shareholder of the said Corporation;
- (v) Is not acting as a nominee (as defined in the Listing Requirements of Bursa Malaysia) or representative of any MD/ED or major shareholder of the said Corporation;
- (vi) Has not been engaged as a professional adviser or is not presently a partner, director (except as an independent director) or a major shareholder, as the case may be, of a firm or corporation (Entity) which provides professional advisory services; and
- (vii) Has not been engaged in any transaction or is not presently a partner, Director or a major shareholder, as the case may be, of the Entity (other than subsidiaries of the Company) which has been engaged in any transaction.

17.0 Board Committees

The Board appoints the following Board Committees with specific terms of reference:

- (a) Audit and Risk Management Committee
- (b) Nominating Committee
- (c) Remuneration Committee
- (d) Sustainability Committee

For all Committee, INEDs play a leading role in these committees. The management and third parties are co-opted to the committees as and when required. Details of the membership and a summary of the terms of reference of each committee appointed by the Board are published in the Annual Report.

18.0 Financial Reporting

The Board aims to present a clear and balanced assessment of the Company's position and prospects in presenting the annual financial statements, quarterly results announcements and other price sensitive information and reports submitted to regulators.

The Board ensure that the annual financial statements are prepared so as to give a true and fair view of the state of affairs of the Company and Group in accordance with the Companies Act and approved accounting reporting standards.

19.0 Company Secretary

The Company Secretary plays an important advisory role and is a source of information and advice to the Board and its committees on issues relating to compliance with rules, regulations, procedures and laws affecting the Company and the Group.

The Board shall appoint someone who is capable of carrying out the duties to which the post entails, and the removal of the Company Secretary shall be a matter for the Board as a whole. The Company Secretary shall be of a senior position with adequate authority and shall report directly to the Board.

The specific functions of the Company Secretary are as follows:

- (a) Implementation of Corporate Governance;
 - Assists the Board and Chairman on the implementation of the Malaysian Code on Corporate Governance ("CG Code");
 - Monitors compliance with the principles and recommendations of the CG Code and informing the Board of any breaches;

- Ensures high standards of governance by keeping abreast with the latest developments in corporate governance, changes in the legal and regulatory framework and international best practices; and
- Serve as a focal point for stakeholders' communication and engagement on corporate governance issues.

(b) Supports the Board and Chairman;

- Provides advice to the Chairman and Directors as to their duties and responsibilities;
- Prepares the agenda with the Chairman and MD/ED and notifying all Directors of Board Meetings;
- Ensures the meeting flows effectively;
- Records the decisions of the Board, ensuring that the decisions are relayed to management to act upon and circulated amongst the Directors;
- Manage processes pertaining to the annual shareholder meeting;
- Assist in director subsequent training and development.

(c) Appointment of New Directors;

- Assists the Board in ensuring a smooth administration of the appointment of new Directors;
- Briefs new Directors on organisational structure of the Company and procedures that regulate the operations of the Board; and
- Ensures availability of information required by new Directors for the proper discharge of their duties.

(d) Compliance with Filing and Administrative Requirements;

- Ensures compliance with the procedure for conducting meetings and the safekeeping of corporate documentations;
- Assists the Board with interpreting legal and regulatory acts related to the CG Code, listing rules and international regulations and developments;
- Advises the Board on its obligatory requirements to disclose material information to the shareholders and financial markets on a timely basis; and
- Notifying the Chairman of any possible violations of legal and regulatory acts.

20.0 Code of Conduct

The Company's Code of Conduct is to be observed by all Directors and employees of the Group. The Board will monitor compliance with the Code and review the Code regularly to ensure that it continues to remain relevant and appropriate.

21.0 Review of the Board Charter

The Board will review the Board Charter periodically to update the principles and practices in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities.

This Board Charter has been approved and adopted by the Board on 28 April 2021 and revised on 20 June 2022.