

## **BOARD CHARTER**

### **1. Introduction**

The Board of Directors ("Board") of FoundPac Group Berhad ("FoundPac" or "Company") recognises the importance of adopting good corporate governance and is committed to ensure high standards of good corporate governance are in place and practised by FoundPac and its subsidiaries ("FoundPac Group" or "Group") in order to safeguard the shareholders and relevant stakeholders' interests as well as enhancing shareholders' value.

All Board members are responsible for achieving a high level of good corporate governance.

This Board Charter shall constitute and form an integral part of each Director's roles, duties and responsibilities.

### **2. Objective**

The objective of this Board Charter is to set out the roles and responsibilities of the Board and Board Committees which are in line with the principles of good corporate governance and the processes and procedures for convening their meetings. It serves as a reference and primary induction literature providing prospective and existing Board members and management insights into the fiduciary and leadership functions of the FoundPac's Directors ("Directors").

The Board reviews its charter regularly, to keep it up to date with changes in regulations and best practices and ensure its effectiveness and relevance to the Board's strategic intent as well as relevant standards of corporate governance.

### **3. Board roles and responsibilities**

#### **3.1 Roles of the Board**

In discharging its stewardship, the Board is constantly mindful of safeguarding the interests of the Group's stakeholders and is ultimately responsible for the performance of the Group.

##### **3.1.1 Ethics and compliance**

The Company's Codes of Ethics for Directors continue to govern the standards of ethics and good conduct expected of Directors. The Directors are, collectively and individually, aware of their responsibilities to the shareholders and stakeholders for the manner in which the affairs of the Company are managed. The Board sets the Group's values and standards and ensures that its obligations to its shareholders and stakeholders are understood and met.

The Board understands that the responsibility for good corporate governance rests with them and therefore strives to follow the principles and best practices stated in the Malaysian Code on Corporate Governance ("MCCG"). The Board will include a narrative statement in the Annual Report on the extent of compliance with the principles and best practices in the MCCG pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ["Main LR"].

The Board meets in person at least once every quarter to facilitate the discharge of their responsibilities. The management team who are not Directors may be invited to attend and speak at meetings on matters relating to their sphere of responsibility.

It is the responsibility of the Board to set the vision and mission for the Group as well as establish good corporate governance and culture for the Group. Besides that, the Board also sets the goals for the management to meet and monitor their performance by setting relevant Key Performance Indicators.

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The Board assumes the following core responsibilities:-

- a) Reviewing and adopting strategic plans for the Group;
- b) Overseeing the conduct of the Group's business to evaluate whether the business is being properly managed;
- c) Identifying principal risks and ensuring the implementation of appropriate systems to mitigate the risks;
- d) Establishing succession planning including appointing, training, fixing the compensation and where appropriate, replacing senior management;
- e) Developing and implementing an investor relation program or shareholder and stakeholder communication policy for the Group; and
- f) Reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

### **3.1.2 Policies and strategies**

The Board has established written procedures; amongst others the Constitution of the Company, Terms of Reference ("ToR"), Risk Management Framework, By-Laws of the Employees' Share Option Scheme ("ESOS") of relevant Board Committees, Standard Operating Procedures and other documents in determining which issues require a decision of the full Board and which issues can be delegated to Board Committees or the management.

The Group has in place its Whistle-Blowing Policy and Anti-Corruption Policy to allow the stakeholders of the Group to report concerns or allegations to a senior or independent member of the management of the Group about alleged unethical behaviour, actual or suspected fraud within the Group, or improper business conduct affecting the Group.

Subject to the applicable laws and Main LR, the Board reserves full decision-making powers on the following matters:-

- a) Corporate strategies and plans;
- b) Conflict of interest issues relating to a substantial shareholder or a Director;
- c) Material acquisitions and disposition of assets not in the ordinary course of business;
- d) Material investments in capital projects;
- e) Risk management and internal control policies;
- f) Key human resource issues.

### **3.1.3 Internal control**

The Board oversees, reviews and monitors the operation, adequacy and effectiveness of Group's system of internal controls. In this respect, the Group engages services of an independent professional consulting firm. The Internal Auditors will report directly to the Audit Committee ("AC") on its activities based on the approved annual Internal Audit Plan. Its principal role is to provide independent assurance on the adequacy and effectiveness of governance, risk management and internal control processes.

## **3.2 Role of individual Director**

The Directors are expected to observe their legal, statutory and equitable duties and obligations when discharging their responsibilities as Directors. Broadly these include:-

- a) Acting in good faith and in the best interests of the Group as a whole;
- b) Acting with care and diligence and for proper purpose;
- c) Avoiding conflicts of interest with the Group in a personal or professional capacity;
- d) Refraining from making improper use of information gained through the position of Director and from taking improper advantage of the position of Director.

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Directors will keep all Board information, discussions, deliberations and decisions that are not publicly known confidential and not use information gained through the Board for their interest or their employers' interest.

### **3.3 Role of Chairman and Chief Executive Officer (“CEO”)**

The Group practices a division of responsibilities between the Independent Non-Executive Chairman and the CEO. Their roles are separated and clearly defined to ensure a balance of power and authority, increased accountability and greater capacity of the Board for independent decision-making.

The Chairman is not related to the CEO. The Chairman is mainly responsible for the Board's effectiveness and conduct. He also promotes an open environment for debate and ensures effective contributions from Non-Executive Directors. The Chairman also exercises control over the quality, quantity and timeliness of information flow between the Board and management. At a general meeting, the Chairman plays a role in fostering constructive dialogue between shareholders, Board and management.

The CEO, also an Executive Director is responsible to develop the Group's objectives and strategies, having regard to the Group's responsibilities to its shareholders, customers, employees and other stakeholders and ensuring the long-term stability of the business. The CEO is accountable to the Board, amongst others, for the following:-

- a) Manage day-to-day business operations of the Group;
- b) Develop and recommend to the Board the strategies and vision of the Group, action plans and risk management policies;
- c) Implement the strategies, objectives and decision of the Board within the framework of delegated authorities and policies of the Group;
- d) Ensure that the Group's corporate and business objectives are executed and achieved; and
- e) Ensure that effective internal control and governance best practices are deployed within the Group.

### **3.4 Board Committees**

The Board has established five (5) committees, namely AC, Nominating Committee (“NC”), Remuneration Committee (“RC”), Risk Management Committee (“RMC”) and ESOS Committee (collectively herein referred as “Board Committees”). The Board Committees are to assist the Board in overseeing the affairs of the Group and they are entrusted with specific responsibilities and authority. The authorities and functions of Board Committees are properly set out in their respective ToR, Risk Management Framework and/or By-Laws of the ESOS (where applicable).

Key matters reserved for the Board's approval including business continuity plan, issuance of new securities, business restructuring, and acquisitions/disposals of material assets.

All Board's decisions are recorded, including the deliberation for each decision, along with actions to be taken and the individuals responsible for implementation. Relevant Board decisions are communicated to the senior management for implementation within a reasonable timeframe.

The Board has direct access to senior management and has unrestricted and immediate access to information relating to the Group's business and affairs in the discharge of their duties. The Board will consider inviting the senior management to attend meetings for reporting on major issues relating to their respective responsibility.

Periodic briefings on the Group's prospects and performance are also conducted for the Directors to ensure that the Board is well informed on the Group's operational, financial and corporate issues.

At each Board Meeting, the Chairman of the relevant Board Committees will report to the Board on key issues deliberated by the Board Committees at their respective meeting.

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### **3.4.1 Nominating Committee**

FoundPac Group established its NC to assist the Board in recommending appointment of new Executive and Non-Executive Directors and assessing the effectiveness of the Board.

The NC of FoundPac Group assumes the following core responsibilities:-

- a) The NC shall make recommendations to the Board on the appointment of new Executive and Non-Executive Directors, including making recommendations to the composition of the Board generally and the balance between Executive and Non-Executive Directors appointed to the Board;
- b) Review the structure, size and diversity (including gender, age, industry/background experience, educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board at least annually;
- c) Consider the election criteria and develop procedures for the sourcing and election of candidates to stand for election by shareholders or to fill casual vacancies of Directors;
- d) Identify and nominate candidates to the Board for it to recommend to shareholders for election as Directors;
- e) Determine the suitability and eligibility of nominating candidates for the approval of the Board, to fill Board vacancies as and when the need arises as well as put in place plans for succession, in particular for the Chairman and CEO;
- f) Undertake an assessment of the Independent Directors annually and justify to the Board that an Independent Director who has served in that capacity for more than nine (9) years to be retained as an Independent Director;
- g) Review the training needs for the Directors regularly;
- h) Have due regard to the principles of governance and code of best practice and shall liaise with the Board in relation to the preparation of the NC's report to shareholders as required;
- i) Decide how the performance of the Board as a whole and members of the Board may be evaluated and propose objective performance criteria, key areas for improvement and the requisite follow-up actions;
- j) To do all acts, deeds and things that are necessary to enable NC to discharge its powers and functions conferred on it by the Board; and
- k) Conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the Company's Constitution or imposed by legislation.

Details of the ToR for NC of FoundPac Group are detailed as Appendix I.

### **3.4.2 Audit Committee**

The principal objective of the AC is to assist the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the Group.

The duties and responsibility of the AC include the followings:-

- a) Consider the appointment or re-appointment of External Auditors, the audit fee and matter relating to the resignation or dismissal of auditors, if any;
- b) Review with the External Auditors the audit plan, their evaluation of the system of internal accounting controls, their letter to management and the management's response;
- c) Review the quarterly and annual financial statements before submission to the Board for approval, focusing particularly on:-
  - Changes in major accounting policies and practices;
  - Significant and unusual events of transactions;
  - Significant adjustments resulting from the audit;
  - The going concern assumption;
  - Compliance with accounting standard and other legal requirements.
- d) Discuss problems and reservations arising from the interim and final audits, and any matter the External Auditors may wish to discuss (in the absence of management where necessary);
- e) Perform the followings where an internal audit function exists:-
  - Review the adequacy of the scope, function, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;

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- Review the internal audit program and results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the internal audit function;
  - Review any appraisal or assessment of the performance of the Internal Auditors;
  - Approve any appointment or termination of the Internal Auditors; and
  - To consider Internal Auditors recommendations, management's response and action plans in relation thereto.
- f) To review and consider any related party transaction and conflict of interest situation that arose, persist or may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity; and the measures taken to resolve, eliminate, or mitigate such conflicts;
- g) Consider other topics as defined by the Board.

Details of the ToR for AC of FoundPac Group are detailed as Appendix II.

### **3.4.3 Remuneration Committee**

The duties and responsibility of the RC include the followings:-

- a) Review and recommend to the Board, a framework of remuneration and to determine the specific remuneration packages and terms of employment for each of the Executive Director of the Company;
- b) Review and recommend to the Board, a framework of remuneration and to determine the remuneration packages for Non-Executive Directors of the Company;
- c) Carry out its duties in the manner that it deemed expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board from time to time;
- d) Produce an annual reporting of remuneration policy which will form part of the Company's Annual Report and/or financial statements;
- e) Ensure all aspects of remuneration including Director's fees, salaries, allowances, bonuses, options and benefits-in-kind should be covered;
- f) Ensure the remuneration packages should be comparable within the industry and comparable companies and shall include a performance-related element coupled with appropriate and meaningful measures of assessing the performance of individual Executive Director of FoundPac Group;
- g) Determine the policy and scope of service of Directors, termination payments and compensation commitments, including fixing appointment period for the Directors; and
- h) Ensure the level of remuneration for Non-Executive Directors and Independent Directors are linked to their level of responsibilities undertaken and contribution to the effective functioning of the Board.

The Directors' remuneration policy practised by the RC is to provide the remuneration packages necessary to attract, retain and motivate Directors of the quality required to manage the business of the Group and to align the interest of the Directors with those of the shareholders. The Directors do not take part in deciding their own remuneration and shall abstain from discussing or voting on their own remuneration.

The current remuneration policy of the Group is summarised as follows:-

- a) Salary for Executive Directors are set at a competitive level for similar roles within comparable markets, reflect the performance of the Directors, skills and experience as well as responsibility undertaken;
- b) Directors' fees are based on a standard fixed fee and are subject to approval by the shareholders at the Annual General Meeting ("AGM");
- c) Directors' allowance is set to gauge continuing contribution, on-going consultation given to the Board;
- d) Meeting allowance - All Non-Executive Directors are entitled to a fixed amount of allowance paid in accordance with the number of meeting attended during the year and are subject to approval by the shareholders at the AGM;
- e) Benefits-in-kind - only Executive Directors of the Group are entitled to benefits-in-kind (except ESOS) provided by the Group;

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- f) The RC may obtain independent professional advice in formulating the remuneration package of its Directors; and
- g) ESOS Entitlement – All Directors of the Group are entitled to ESOS Entitlement approved by the shareholders.

Details of the ToR for RC of FoundPac Group are detailed as Appendix III.

### **3.4.4 Risk Management Committee and Risk Management Working Group (“RMWG”)**

#### **a) RMC**

The RMC is formed at holding company level.

The RMC reviews the risk management reports received from RMWG. It assesses risks at the Group level and formulates risk management strategies and reports to the AC.

Details of the ToR for RMC of FoundPac Group are detailed in its Risk Management Framework.

#### **b) RMWG**

A RMWG is formed at each subsidiary. The functions of the RMWG are to identify risks, quantify the risk impact and formulating risk mitigation strategies.

The RMWG reports to the RMC on periodical basis. The RMC will then meet to discuss and evaluate the RMWG's reports for adoption. Thereafter, the RMC will report to the AC about key risks and risk management activities carried out during that period. The AC will review the report and confirm that necessary actions have been or are being taken to remedy any significant failings or weaknesses identified.

### **3.4.5 ESOS Committee**

The ESOS Committee is formed to facilitate the ESOS administration matters of the Group.

## **4. Composition and Board balances**

### **4.1 Size and composition**

The Board recognises the importance of ensuring a balance of power and authority between the Chairman and the CEO with a clear division of the responsibility between the running of the Board and the Company's business respectively. The position of Chairman and CEO are separated and clearly defined.

The Board consists of qualified individual with diverse experience, background and expertise. The composition and size of the Board is such that it facilitates the making of informed and critical decisions with the aim to meet the current and future needs. The Constitution of the Company provided that there will be a minimum of two (2) Directors and a maximum of nine (9) Directors.

The Board composition complies with Paragraph 15.02 of the Main LR whereby the Company must have at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, who are Independent Directors.

In the event of any vacancy in the Board resulting in the non-compliance with the above, the Company must fill the vacancy within three (3) months. The Board is of the opinion that the interests of shareholders of the Company are fairly represented by the current Board composition and its size constitutes an effective Board of the Company.

The presence of the three (3) Independent Non-Executive Directors is essential in providing guidance, unbiased, fully balanced and independent views, advice and judgement to many aspects of the Group's strategy so as to safeguard the interests of minority shareholders and to ensure that high standards of conduct and integrity are maintained by the Group.

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### **4.2 Nomination and appointments**

The appointment of a new Director is a matter for consideration and decision by the full Board. NC is responsible to give full consideration to succession planning for Directors.

Upon the appointment of a new Director, the Company Secretaries advise the said Director of his or her principal duties and responsibilities and explains the restrictions to which he or she is subject to in relation to price-sensitive information and dealings in the Company's securities. Thereafter, all Directors are provided with appropriate briefings on the Company's affairs and up-to-date corporate governance materials published by the relevant bodies.

The Company has adopted an induction program for newly appointed Directors. The induction program aims at communicating to the newly appointed Directors, the Company's vision and mission, its philosophy and nature of business, current issues within the Group, the corporate strategies and the expectations of the Company concerning input from Directors.

The Company has adopted educational or training program to update the Board in relation to new developments pertaining to the laws and regulations and changing commercial risks which may affect the Board and/or the Company.

### **4.3 Re-election**

In accordance with the Company's Constitution, all Directors are subject to re-election by shareholders at the AGM following their appointment. At least one-third (1/3) of the remaining Directors shall retire from office at each AGM at least once in every three (3) years, but shall be eligible for re-election.

### **4.4 Independence**

The Board only considers Directors to be independent where they are independent of management and no material business relationship that could significantly interfere with the exercise of their unfettered and independent judgement.

The Independent Directors are to provide shareholders with an independent voice on the Board and reduce accusations of self-interest in the behavior of executives.

The NC plays an important role to assist the Board in assessing the independence of Non-Executive Directors of the Company on annual basis. The NC shall report to the Board, based on the assessment conducted, whether NC is satisfied with the level of independence demonstrated by all the Independent Directors of the Company and their ability to act in the best interest of the Company.

### **4.5 Tenure of independent Directors**

The Board do not adopt a policy which limits the tenure of our Independent Directors to nine (9) years.

### **4.6 New directorship**

The Directors are expected to have ability to commit sufficient time to the Group in fulfilling their roles and responsibilities and Company's affairs. This is evidenced by the attendance record of the Directors at Board Meetings.

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### **5. Performance**

#### **5.1 Directors' assessment**

The Company has in place its procedures and criteria for appointment of new Directors. All candidates for appointment are first considered by the NC, taking into account the mix of skills, experience and diversity, as well as gender where appropriate required to manage the business, with the aim to meet the current and future needs of the Board composition. The NC also evaluates the candidates' character and ability to commit sufficient time to the Group. Other factors considered for appointment of Independent Directors will include the level of independence of the candidate.

The NC will review the composition of respective Board Committee to ensure its effectiveness in functioning. The NC has also established a set of quantitative and qualitative performance criteria to evaluate the performance of each member of the Board, each Board Committee and reviewing the performance of the Board as a whole. The criteria for assessment of Directors shall include attendance record, intensity of participation at meetings, quality of interventions and special contributions.

#### **5.2 Directors' training and development**

In addition to the mandatory program as required by the Bursa Securities, the Directors are mindful that they should continue to attend training program to enhance and update their skills and knowledge where relevant, as well as to keep abreast with the changing regulatory and corporate governance developments. The Board shall disclose in the Annual Report the trainings attended by the Directors.

### **6. Board Meetings**

The management is responsible to provide the Board with the required information in an appropriate and timely manner. The Chairman, assisted by the Company Secretaries, 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.

A full agenda and comprehensive Board papers are circulated to all Directors in advance of each Board Meeting. Board papers include:-

- a) Quarterly financial report and report on the Company's cash and borrowing positions;
- b) Minutes of meetings of all Committees of the Board, where applicable;
- c) Reports on Related Party Transactions and/or Recurrent Related Party Transactions (if any);
- d) A current review of the operations of the Company.

The Board meets on a quarterly basis with additional meetings held whenever necessary to formulate and adopt strategic business plan for the Group.

### **7. Access to information and independent professional advice**

The Board may seek independent professional advice at the Company's expense on specific issues to enable it to discharge its duties in relation to matters being deliberated. Individual Director may also obtain independent professional or other advice in furtherance of their duties, subject to the approval of the Chairman or the Board, depending on the quantum of the fees involved.

The Directors have individual and independent access to the advice and dedicated support services of the Company Secretaries in ensuring the effective functioning of the Board. The Directors may seek advice from the management on issues under their respective purview. The Directors may also interact directly with the management, or request further explanation, information or updates on any aspect of the Company's operations or business concerns from them.



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### **8. Review of the Board Charter**

The Board Charter has been first adopted by the Board on 22 February 2017 and subsequently reviewed by the Board at least once a year. The last review of this Board Charter was on 25 August 2023.

The Board will review this Charter from time to time and make any necessary amendment to ensure they remain consistent with the Board.

Any updates to the principles and practices set out in this Charter will be available on the Company's website at [www.foundpac.com](http://www.foundpac.com).