

# EASTLAND EQUITY BHD

## BOARD CHARTER

### 1.0 INTRODUCTION

This Charter is developed to:

- provide clear statement of the roles, responsibilities, processes and operations of the Board and senior management; and
- ensure the practices of the Board are consistent with the best practice of the Malaysian Code on Corporate Governance (“MCCG”).

### 2.0 BOARD STRUCTURE

#### 2.1 Composition

The Board is responsible to determine the appropriate size of the Board.

The Board shall ensure that the number of directors of the Board shall be in accordance with the Company’s Constitution and the prevailing requirements of the laws and regulations.

The positions of Chairman and Managing Director are to be separated and held by different individuals.

The Chairman of the board shall not be the Chairman of the Audit and Risk Management Committee.

#### 2.2 Appointment and Criteria

Diversity in Board provides constructive debates and enables the discussion of the same ideas in differing ways leading to better decisions.

In pursuing its gender diversity agenda, the Board should take steps to ensure that women candidates are sought in its recruitment exercise for board and senior management positions.

On the same note, in identifying candidates the Board will not solely rely on recommendations from existing board members, management or major shareholders but will also consider independent sources to identify suitably qualified candidates for appointment of directors and senior management positions.

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Appointment of board and senior management will be made based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

### 2.3 Re-election

Director retirement and re-election shall be carried out in accordance with the Company's Constitution and requirements of the law.

## 3.0 ROLES AND RESPONSIBILITIES

### 3.1 Responsibilities of the Board

All Directors should objectively discharge their duties and responsibilities at all times in the interests of the Group and to keep abreast of his responsibilities as a Director as well as the conduct, business activities and development of the Group.

In meeting the goals and objectives of the Group, the Board should, among others:

- promote good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour;
- review, challenge and decide on Management's proposals for the Group, and monitor their implementation carried out by Management;
- ensure that the strategic plan of the Group supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- supervise and assess Management performance to determine whether the Group's business is being properly managed;
- ensure that there is a sound framework for internal controls and risk management;
- understand the principal risks of the Group's business and recognise that business decisions involve the taking of appropriate risks;

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- assess and set the risk appetite within which Management should operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
- ensure that Senior Management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of Board and Senior Management;
- ensure that the Group has in place procedures to enable effective communication with stakeholders;
- ensure the integrity of the Group's financial and non-financial reporting; and
- review the terms of office and performance of the Board Committees annually (with members of the respective Board Committees abstain from deliberation).

### 3.2 Responsibilities of Chairman

The primary roles of the Chairman are:

- To provide leadership to the Board;
- To set the Board meeting's agenda and ensure that Board members receive complete and accurate information in a timely manner;
- To lead Board meetings and discussions;
- To encourage active participation of all Board Members and to allow dissenting views to be freely expressed;
- To liaise with the Managing Director and the Company Secretary on the agenda for Board meetings;
- To manage the interface between Board and Management;
- To ensure that appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board;

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- To lead the Board in establishing and monitoring good corporate governance practices in the Group; and
- To chair general meetings of shareholders.

### 3.3 Responsibilities of Managing Director

The Managing Director is responsible for amongst other:

- i. Develop and recommend to the Board the long-term strategy and vision of the Group and the critical performance targets;
- ii. Develop and recommend to the Board the annual business plans, budgets and risk management action plans that support the Group's long term strategy;
- iii. Manage day-to-day business affairs and ensure continuous improvement and development, maintenance, implementation, formulation and achievement of corporate policies and strategies sanctioned by the Board;
- iv. Ensure that the Group has an effective management team and structure, management development program and succession plan;
- v. Ensure effectiveness of internal control and risk management systems deployed in the Group;
- vi. Keep Board informed of all important aspects of the Group's operations and to ensure that sufficient information is distributed to Board members; and
- vii. Serve as a focal point for stakeholders' communication and engagement on Group's performance issues.

### 3.4 Responsibilities of Senior Independent Director ("SID")

When the Board appoints a SID, the SID shall act as:

- a sounding board for the Chairman;
- an intermediary for other directors when necessary; and

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- the focal point of contact for shareholders and other stakeholders communication and engagement on corporate governance issues.

### 3.5 Responsibilities of Independent Director

The primary responsibility of Independent Directors is to ensure effective check and balance in the Board by:

- bringing independent and objectivity judgement to the Board;
- mitigating risk of any possible conflict of interest and undue influence in the Board; and
- constructively challenging and contributing to the development of business strategy and direction of the Group.

### 3.6 Responsibilities of Board Committees

The Board shall establish the following Committees and define their respective terms of reference:

- Audit and Risk Management Committee;
- Nominating Committee; and
- Remuneration Committee.

Board Committees do not make decision on behalf of the Board but to review matters under its purview and make recommendations to the Board for its consideration and decision making.

The role, function, performance and membership of each Committee will be reviewed on an annual basis as part of the Board's appraisal process. The Board may require members of Committees be rotated on and off their Committees taking into account the needs of the Committees, legislative requirements, skill sets and the experience of the individual Directors.

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### 4.0 INDEPENDENCE OF INDEPENDENT DIRECTOR

At minimum, Independent Directors of the Board must fulfil the provisions and definition of independent director of the Listing Requirements at all times; must declare their independence to the Board annually; and be able to act objectively and independently of management.

When Board intends to retain its Independent Director beyond nine years, it would justify and seek shareholders' approval in the AGM.

### 5.0 ISSUES AND DECISIONS RESERVED FOR THE BOARD

In order to ensure that the direction and control of the Group is within the Board's hands, the following list of matters shall be reserved to the Board for decision:

- Significant investment and divestment;
- Corporate exercise;
- Business strategy and sustainability issues;
- Performance review, remuneration, succession and appointment of directors and key senior executives;
- Shareholders' communication and matters; and
- Board policies and governance related matters.

These matters reserved shall be communicated to all Directors, Company Secretary, Internal Auditors, External Auditors and the Senior Executives. Management shall familiarize and observe the matters reserved to the Board and undertake to provide adequate, timely and quality information to the Board for making its decision on these matters.

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### 6.0 COMPANY SECRETARY

In order to carry his function effectively, Company Secretary should possess the knowledge and experience covering the knowledge in company and securities law, finance, governance, company secretaryship and listing requirements.

The roles and responsibilities of the Company Secretary include, but not limited to the following:

- Manage the logistic of all Board and Board Committees meetings;
- Attend and record minutes of all Board and Board Committees meetings and facilitate Board communications;
- Advise the Board and Board Committees on their roles and responsibilities;
- Advise the Board on corporate disclosures and compliance with securities regulations, listing requirements and companies act;
- Assist the Board in managing the processes pertaining to shareholder meeting; and
- Monitor corporate governance developments and assist the Board in applying governance practices to meet the compliance needs and stakeholders' expectations.

### 7.0 MEETINGS AND MINUTES

Board meetings are held on a regular basis, as determined annually in advance by the Board. The agenda for each meeting is dictated by the needs of the Board and the matters set out in the annual agenda for attention at a particular meeting.

An additional Board meeting can be convened by the Company Secretary at the request of any Director at any time by giving all Directors seven days notice in writing. A meeting may, with the consent of all Directors, be convened with shorter notice.

The Secretary shall discuss with the Managing Director, Executive Director and Board Committee Chairmen on the agenda item. The final agenda for the meeting would be given to the Chairman for his approval and clearance.

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All Board Members may request for inclusion of any matter in the agenda for a particular Board meeting. The request must be sent seven (7) days before the meeting.

Personal attendance of Board members at meetings is preferred. But, the Board and Board Committees may hold meetings at two or more venues using information technology that gives all members of the Board or the relevant Board Committee a reasonable opportunity to participate in the meeting.

In addition to the above, subject to relevant laws and guidelines, the following should be observed by Board:

- To meet on a quarterly basis, but in any event, no less than once in every three (3) months, or whenever deemed necessary;
- All directors must attend at least 50% of the Board meetings held in each financial year or such other percentage as may be prescribed by the Listing Requirements;
- The quorum of the meetings shall be met pursuant to the Constitution of the Company;
- The Board is also allowed to carry out the resolution by way of circulation;
- The participation of the director can be facilitated by means of video or telephone conferencing;
- Head of the respective division units and relevant management personnel may be invited to attend the Board meetings;
- Non-Executive Directors may hold meeting in the absence of management on a periodic, scheduled basis; and
- All meeting materials/report/papers as well as the notice and agenda will be compiled and distributed to all the Directors at least seven (7) days prior to the meeting. In case where the subject matter/agenda item is price sensitive or otherwise confidential or in a state of flux, the materials/report/papers will be presented directly at the meeting.



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### 8.0 ACCESS OF INFORMATION AND RESOURCES

The Board shall have full and unrestricted access to any information pertaining to the Group.

Management is responsible for providing the Board with the required information in an appropriate and timely manner. If the information provided by management is insufficient, the Board may make further enquiries, to which the management staff responsible shall respond accordingly.

In addition, the Board shall also be entitled to obtain independent professional or other advice at the expenses of the Company.

### 9.0 CONTINUING EDUCATION PROGRAM AND TRAINING

All Board members shall keep themselves abreast with the current business, industry, regulatory and legislative developments and trends that will affect the Company and Group's business operations. They shall be briefed on the terms of their appointment, duties and responsibilities, the operations of the Group and the business and the environment and markets in which the Group operates.

Newly appointed Board members are mandated to attend the Mandatory Accreditation Programme as required under the Listing Requirements within 4 months from the date of appointment.

Subsequently, all Board members are expected to undertake continuing professional education to enable them to discharge their duties effectively. Members of the Audit and Risk Management Committee should undertake continuous professional development in accounting and auditing standards, practices and rules.

Company Secretary, Internal and External Auditors may brief the Board on changes in the legislative, regulatory or industry framework which impact the Company. However, such briefings are not a substitute for the director trainings for seeking continuous knowledge of the changes in the market regulations.

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### 10.0 PERFORMANCE APPRAISAL

Regular reviews of directors' effectiveness and performance are important for governance improvement of the Board. The Board reviews and evaluates individual directors' performance, its own performance and the performance of its Committees at least annually. When assessing its performance, the Board shall also evaluate its performance vis-à-vis the provisions in this Board Charter. The Board shall disclose how the assessment is carried out and its outcome.

All Board related performance appraisal shall be administered and conducted by the Nominating Committee who shall then report back to the Board. Based on the result of appraisal, the Nominating Committee should assist the Board to undertake assessment of the training needs of each Board Member and recommend the appropriate educational/training programmes to the respective Board members to equip themselves with the relevant knowledge.

### 11.0 REMUNERATION

Broadly, the remuneration policy of the Board shall take into account the complexity of the company's business and the individual's responsibilities. In addition, the remuneration should also be aligned with the business strategy and long-term objectives of the Group.

The remuneration of the Executive Directors and Senior Management shall be determined on the basis of the directors' and senior management's merit, qualification and competence, having regard to the Group's operating results, individual performance and market comparisons.

The Board shall ensure that the remuneration of the Board members and Senior Management are disclosed in accordance with the practices of the MCCG.

The maximum amount of annual fees to be paid to Independent Directors will be recommended by the Board and subject to shareholders' approval.

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### 12.0 CONFLICT OF INTERESTS

Directors are required to take all reasonable steps to avoid actual, potential or perceived conflict of interests with the Company's interest.

Should there be actual, potential or perceived conflict of interest between a company of the Group and a director, or a person connected with Director such as a spouse, other family member, or a related company, the interested director shall make full disclosure in bona fide and act honestly in the best interest of the Company and shall not participate in deliberations and shall abstain himself/herself from casting his/her votes in any matter arising there from.

### 13.0 INDEMNITY AND INSURANCE

The Directors and Officers of the Company are entitled to be indemnified against liabilities arising from their holding of office in the Company. In this respect, the Board will consider the appropriate insurance policy to mitigate this risk.

### 14.0 COMMUNICATION WITH STAKEHOLDER

The Board's investor and shareholder liaison objective is to ensure that there is effective communications with its shareholders, the financial communities and other stakeholders relevant to the Group. This is to help the Company to achieve a fair market value for its securities and optimum cost of capital and at the same time to facilitate shareholders to determine how their votes should be exercised as well as investors to make informed investment decisions.

In order to ensure there is effective, transparent and regular communication with stakeholders the Board's investor and stakeholders relations initiatives are designed and driven by the following principles:

- The Board will always report its financial results and material developments in an open, timely, comprehensive and balanced manner;
- The Board will communicate only through its designated spokesperson;
- The Board will leverage its website as an additional communications channel;

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- The Board will proactively address reports and rumors, so as to avoid unnecessary speculation in its securities;
- The Board will give reasonable access to analysts and the media to help them to understand the opinions of the Board, but will not seek to influence those opinions or to give information that is not available to the general public; and
- The Board will meet with its shareholders in the Company's general meetings to inform, and obtain feedback from shareholders.

### 15.0 GENERAL MEETINGS

The Board will ensure that notice for an Annual General Meeting is given to the shareholders at least 21 days prior to the meeting. The Chairs of the Audit and Risk Management Committee, Nominating Committee and other committees provide meaningful response to questions addressed to them.

The Board will leverage technology to facilitate voting in absentia and remote shareholders' participation at general meetings when appropriate systems are available, proven, feasible and suitable for the Company to adopt this practice.

### 16.0 PUBLICATION AND REVIEW OF THE BOARD CHARTER AND TERMS OF REFERENCE OF BOARD COMMITTEES

Board Charter and terms of reference of Board Committees shall be published on the Company's website.

The Board will review this Charter and the terms of reference of its Committees annually and make appropriate amendments to ensure these documents remain consistent with the Board's objectives, current regulation requirements and governance best practice. Any amendments on the provisions in these documents shall be adopted by the Board with a formal resolution.