

FOUNDPAC GROUP BERHAD

(Company No. 1165946-H)

(Incorporated in Malaysia)

Board Charter

1. Introduction

The Board of Directors ("the Board") recognises the importance of adopting good corporate governance and is committed to ensure high standards of good corporate governance are in place and practised within FoundPac Group Berhad ("FPG" 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 our 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. Roles and responsibilities 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 its Company's Annual Report on the extent of compliance with the principles and best practices in Corporate Governance 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. Members of the Management 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.

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 programme 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 (such as the Memorandum and Articles of Association/ Constitution of the Company, Terms of Reference ("ToR") of relevant Board Committees, Standard Operating Procedure and other documents) 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 Procedures ("WPP") to allow the stakeholders of FPG 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:-

- Corporate strategies and plans
- Conflict of interest issues relating to a substantial shareholder or a Director
- Material acquisitions and disposition of assets not in the ordinary course of business
- Material Investments in capital projects
- Risk Management and Internal Control policies
- 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.

The Group has engaged the services of an independent professional firm to provide much of the assurance it requires regarding the effectiveness as well as the adequacy and integrity of the Group's systems of internal control.

The Internal Auditors will report directly to the Audit Committee on its activities based on the approved annual Internal Audit Plans from time to time. 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 Directors

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

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

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 Company practises 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 in charge of the day-to-day operations of the business, making strategic business decision and implementing Board policies.

3.4 Board Committees

The Board has established five (5) Board Committees, namely Audit Committee (“AC”), Nominating Committee (“NC”), Remuneration Committee (“RC”), Risk Management Committee (“RMC”) and Employees' Share Option Scheme (“ESOS”) Committee, the primary functions of which are to assist the Board in overseeing the affairs of the Group and these Committees have been entrusted with specific responsibilities and authority. The authorities and functions of these Committees are properly set out in their respective ToR, Risk Management Framework and/or ESOS By-Law (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 meetings.

3.4.1 Nominating Committee

FPG 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 FPG assumes the following core responsibilities:-

- a) The NC shall make recommendations to FPG 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 without limitation, gender, age, cultural and 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 FPG's shareholders ("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 they arise as well as put in place plans for succession, in particular for the Chairman and Chief Executive of FPG;
- f) undertake an assessment of its Independent Directors annually and justify to the Board that an Independent Director who has served in that capacity for more than nine 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 FPG Board in relation to the preparation of the NC's report to shareholders (in the annual report) 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. 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
- j) conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the Company's Articles of Association/Constitution or imposed by legislation.

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

3.4.2 Audit Committee

The principal objective of the AC is to assist the Board of Directors 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) to 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) to 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) to review the quarterly and annual financial statements before submission to the Board of Directors 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) to discuss problems and reservations arising from the interim and final audits, and any matter the external/internal auditors may wish to discuss (in the absence of management where necessary);
- e) to do 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;
 - Review the internal audit programme 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 (IA);
 - Approve any appointment or termination of the IA;
 - To consider IA recommendations, Management's response and action plans in relation thereto
- f) to consider any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that arises questions of management integrity; and
- g) to consider other topics as defined by the Board.

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

3.4.3 Remuneration Committee

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

- a) to review and recommend to FPG Board in consultation with Management, a framework of remuneration and to determine the specific remuneration packages and terms of employment for each of the executive Directors of the Company;
- b) to review and recommend to FPG Board in consultation with Management, a framework of remuneration and to determine the remuneration packages for non-executive Directors of the Company;
- c) to 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 FPG Board from time to time;
- d) to produce an annual reporting of the Committee's remuneration policy which will form part of the Company's Annual Report and/or Financial Statements;
- e) all aspects of remuneration including Director's fees, salaries, allowances, bonuses, options and benefits-in-kind should be covered;
- f) 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 Directors' of FPG;
- g) to determine the policy for and scope of service agreements for the FPG Directors, termination payments and compensation commitments, including fixing appointment period for the FPG Directors; and
- h) to 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 policy practised on Directors' remuneration 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 play no 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:-

- Salary for Executive Directors are set at a competitive level for similar roles within comparable markets, reflect the performance of the director, skills and experience as well as responsibility undertaken;
- Directors' fees are based on a standard fixed fee and are subject to approval by its shareholders at the AGM;
- Directors' allowance is set to gauge continuing contribution, on-going consultation given to the Board;
- 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 its shareholders at the AGM;
- Benefits-in-kind - only Executive Directors of the Group are entitled to benefits-in-kind (except ESOS) provided by the Group;
- The RC may obtain independent professional advice in formulating the remuneration package of its Directors; and
- ESOS Entitlement – All Directors of the Group are entitled to ESOS Entitlements that approved by its shareholders.

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

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

a) RMC

The RMC is formed at the holding company level. It reports to the Audit Committee.

The RMC reviews the risk management reports it receives from the RMWG. It assesses risks at the Group level and formulates risk management strategies.

b) **RMWG**

A RMWG is formed at each subsidiary and reports to the RMC.

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 RMWGs' 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.

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

3.4.5 ESOS Committee

The ESOS Committee is formed to facilitate the administration of the Employees Shares Option Scheme 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 experiences, professionalism, perspectives and other relevant qualities. 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 Articles of Association/Constitution of the Company provided that there will be a minimum of two Directors and a maximum of nine Directors.

The Board composition complies with Para 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 Chairman/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.

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 Secretary advises the said Director of his/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 programme for newly appointed Directors. The induction

programme aims at communicating to the newly appointed Directors, the Company's vision and mission, its philosophy and nature of business, current issues within the Company, the corporate strategy and the expectations of the Company concerning input from Directors.

The Company has adopted educational/training programme 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 Articles of Association/Constitution, all Directors are subject to re-election by shareholders at the Annual General Meeting ("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 played an important role to assist the Board in assessing the independence of Non-Executive Directors of the Company on annual basis. Based on the assessment conducted by the NC, the Board is generally 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. Any Director shall notify the NC upon acceptance of any new directorship and the notification shall include the indication of time that will be spent on the new appointment.

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, competencies, experience, professionalism and other relevant qualities required to well 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 Director will include the level of independence of the candidate.

The NC will also be reviewing the composition of respective board committee of the Company 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 programme as required by the Bursa Securities, the Directors are mindful that they should continue to attend training programme 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. Meeting

6.1 Board Meetings

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

A full agenda and comprehensive Board papers are circulated to all Directors in advance of each Board meeting. The agenda should strike a balance between long- and short-term issues.

Board papers include:-

- Quarterly financial report and report on the Company's cash and borrowing positions
- Minutes of meetings of all Committees of the Board, where applicable
- Reports on Related Party Transactions and/or Recurrent Related Party Transactions (if any)
- 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 Directors 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.

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 18 September 2019.

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 website.