

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of ENRA is committed to ensuring that high standards of corporate governance (“CG”) principles and practices are applied throughout the Group as a fundamental part of discharging its responsibilities to safeguard shareholders’ investments and protect the interests of all stakeholders.

This Corporate Governance Overview Statement is prepared in compliance with the MMLR of Bursa Securities and takes guidance from the key CG principles as set out in the MCCG 2021. This statement is supplemented with the Corporate Governance Report (“CG Report”) which provides the details on how the Company has applied each Practice of good governance with the relevant provisions as prescribed in the MCCG 2021 during the financial year ended 31 March 2023. The CG Report is available on the Company’s website at www.enra.my.

This Corporate Governance Overview Statement should also be read in conjunction with the other statements in the Annual Report, namely, the Statement on Risk Management and Internal Control, the Audit, Risk Management and Sustainability Committee Report and the Sustainability Report as the depth of certain CG practices may be better explained in the context of the respective statements.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

The Board has the overall responsibility for the sustainability, governance, strategic leadership and direction, the conduct of the Group’s businesses, risk management and internal controls, investor relations, management succession plan and business operations of the Group.

Beyond the matters reserved for the Board’s decision, the Board has delegated the authority to achieve the corporate objectives and day-to-day management of the business of the Group to the Executive Committee comprising the President & Group Chief Executive Officer and the Executive Director. There is a formalised Limits of Authority which defines the applicable limits specifically reserved for the Board’s approval and those delegated to the Executive Committee, the President & Group Chief Executive Officer, the Executive Director and Management. These authority limits are reviewed and revised as and when required, to ensure an optimum structure for efficient and effective decision-making in the Group. The Executive Directors remain accountable to the Board for the authority that is delegated to them for the performance of the Group.

The Board places great importance on sustainability and had taken the necessary steps to ensure high standards of environmental, social and governance across the Group’s operations. This includes formalizing policy, guidelines, frameworks, and processes relating to, amongst others, ENRA’s capital allocation management and investment appraisal practices in managing future risks and opportunities as the Group continues to build a responsible and sustainable business. Further information on ENRA’s sustainability agenda and initiatives for the year under review are disclosed in the Sustainability Report section of this Annual Report.

While the Board is responsible for creating the framework and policies within which the Group should be operating, the Management is accountable for the execution of the expressed policies and attainment of the Company’s corporate objectives. This demarcation complements and reinforces the supervisory role of the Board.

The roles of the Chairman and the President & Group Chief Executive Officer are distinct and separate to engender accountability to facilitate a clear division of responsibilities. The Chairman is responsible for ensuring Board effectiveness and standards of conduct while the President & Group Chief Executive Officer is responsible for the overall management of the Group, including smooth running of the businesses and implementation of strategies and policies.

In carrying out its function, the Board has delegated specific responsibilities to Board Committees, namely, the Audit, Risk Management and Sustainability Committee (“ARMSC”), the Board Nomination and Remuneration Committee (“BNRC”) and the Employees’ Share Scheme Committee (“ESSC”). In order to ensure that the direction and control of the Group remain with the Board, the Board has defined the terms of reference for each Committee and receives reports from the Board Committees of their proceedings and deliberations together with their recommendations and relevant decisions. The Chairman of the respective Board Committees will report to the Board on the outcome of these meetings. These Board Committees were formed in order to enhance business and operational efficiency and efficacy but the Board remains fully responsible for the direction and control of the Company and the Group. The ultimate responsibility for the final decision on all matters lies with the Board. The terms of reference for the ARMSC, the BNRC and the ESSC can be found on the Company’s website (www.enra.my).

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. Board Responsibilities (Cont'd)

The Board has adopted a Board Charter, which sets out its roles, functions, composition, operation and process giving consideration to the principles of good corporate governance and requirements of the MMLR of Bursa Securities. The Board Charter which serves as a source of reference for all Directors will be reviewed and updated periodically 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.

The Board has also adopted a Directors' Code of Ethics, which outlines the conduct required of the Board members individually in order for them to discharge their duties in a professional, honest and ethical manner. A Code of Business Conduct which is applicable to employees within the Group was adopted and it governs the desired standards of behavior and ethical conduct expected from each individual to whom the Code applies.

The Board has also put in place a Whistleblowing Policy, which sets out the principle and grievance procedures for employees to raise genuine concerns of possible improprieties perpetrated within the Group. The Whistleblowing Policy is intended to directly support the Company and the Group's Core Values, Code of Business Conduct and other governance requirements and compliance requirements and to encourage and enable employees, directors, shareholders or any parties with a business relationship with the Company to raise concerns regarding any illegal conduct or malpractice at the earliest opportunity without being subject to victimization, harassment or discriminatory treatment and to have such concerns properly investigated within the Company and the Group prior to seeking resolution outside the Company. A disclosure of wrongdoing or improper conduct may be made orally or in writing (via such channels as a letter or electronic mail).

Subsequent to the introduction of Corporate Liability Provision for bribery and corruption under Section 17A of the Malaysian Anti-Corruption Commission Act 2009 ("MACC Act"), the Board had in May 2020 adopted ENRA Group's Anti-Corruption Policy & Procedure which sets out the policies and procedures towards compliance with the MACC Act. The Company has further enhanced its Anti-Corruption Policy & Procedure by developing the Gifts and Hospitality Reporting Guidelines to set out quantitative guidance for the acceptable standard and to maintain the high level of integrity and public trust in the conduct of ENRA Group's businesses associated gifts and hospitality.

In line with new Paragraph 15.01A of the MMLR of Bursa Securities, a formal Directors' Fit & Proper Policy for appointment and re-election/ re-appointment of Directors was adopted on 24 November 2022.

During the financial year, the Board had also adopted a Sustainability (ESG) Policy which sets out guidance on how to conduct the business responsibly so that the Company create long-term value for its stakeholders and improve its long term performance and resilience.

The details of the Board Charter, Directors' Code of Ethics, Code of Business Conduct, Whistleblowing Policy, Anti-Corruption Policy & Procedure, the Gifts and Hospitality Reporting Guidelines, the Directors' Fit & Proper Policy and the Sustainability (ESG) Policy are available on the Company's website (www.enra.my).

The Directors have unrestricted access to all information pertaining to the Group's business and affairs to enable them to carry out their duties effectively and diligently. The Board also has unrestricted access to the service of the Company Secretary who is qualified to act under Section 235(2) of the Companies Act 2016. The Company Secretary provides advisory services to the Board in relation to corporate governance matters and compliance with the relevant policies and procedures.

II. Board Composition

The strength of the Board lies in the composition of its members, who have a wide range of expertise, extensive specialised experience in ENRA's various business areas and diverse backgrounds. As of the date of this Statement, the Board consists of seven (7) members comprising five (5) Independent Non-Executive Directors and two (2) Executive Directors (including the President and Group Chief Executive Officer) which meets the requirement of Practice 5.2 of the MCCG 2021 where at least half of the Board comprises Independent Directors and in line with the requirements of Paragraph 15.02 of the MMLR of Bursa Securities.

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. Board Composition (Cont'd)

Directors collectively bring with them not only the industry knowledge but also a wide range of experience and expertise in areas such as finance, engineering, strategic planning, economics and project management. There is no individual Director or group of Directors who dominates the Board's decision-making. The Non-Executive Directors contribute significantly in areas such as policy and strategy, performance monitoring, allocation of resources as well as improving governance and controls. The Independent Non-Executive Directors apply objective and independent judgement to the decision-making process of the Board and provide the check and balance.

Accordingly, and taking into account the experience, qualifications, capabilities and knowledge of the Company's Independent Non-Executive Directors, the Board is satisfied that the current Board composition fairly reflects the interests of the Company's minority shareholders and is adequate to ensure that the highest standards of corporate governance, ethical conduct and integrity are maintained by the Company for the benefit of all stakeholders.

Nonetheless, the Board takes cognizant of the recommendation to have gender diversity on the Board. The Board through the BNRC is taking steps to ensure that women candidates are sought as part of its recruitment exercise when vacancies on the Board arise. At present, Tunku Afwida binti Tunku Abdul Malek, the only women representative on the Board, constituting 14% of the Board Composition.

The BNRC analysed and discussed the evaluation report on the effectiveness of the Board and Board Committees on an annual basis. The BNRC reviews the comments and areas of improvement highlighted in the evaluation reports.

All the Directors had participated in the Board and Board Committees assessment and evaluation process for the financial year 2023. The performance evaluation of the Board for the financial year ended 31 March 2023 included a review of the performance of the Board in addressing the Company's material sustainability risks and opportunities to drive Environmental, Social and Governance ("ESG") strategy and implementation.

The size and composition of the Board and its Board Committees will be reviewed annually to determine if the Board and the Board Committees have the right size and sufficient diversity that fit the Company's objectives and strategic goals.

III. Remuneration

The BNRC is responsible for recommending to the Board the appropriate remuneration of the Directors to ensure that the Group attracts and retains Directors of the necessary caliber, experience, knowledge and quality needed to manage the Group successfully. The BNRC considers the principles recommended by the MCGG 2021 in determining the Executive Directors' remuneration, whereby the Executive Directors' remuneration is designed to link rewards to the Group's performance.

The remuneration of the Non-Executive Directors is determined in accordance with their experience and the level of responsibilities assumed as well as their contribution to the Company. The determination of the remuneration of the Non-Executive Directors is a matter for the Board to consider and individual Directors do not participate in decisions regarding their own remuneration package, and are subject to the prior approval of shareholders at the Annual General Meeting of the Company. The Company reimburses reasonable expenses incurred by the Non-Executive Directors in the course of their duties as Directors. During the financial year ended 31 March 2023, the BNRC had undertaken the following activities in relation to remuneration matters: -

- (a) Considered and recommended the remuneration of the Non-Executive Directors for shareholders' approval at the 30th Annual General Meeting of the Company.
- (b) Reviewed and recommended the performance bonus and annual salary increment for the employees.
- (c) Reviewed the scorecard achievements and recommended the proposed profit share allocation for the Executive Directors.

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

III. Remuneration (Cont'd)

The Board has a formalised Remuneration Policy for Directors and Senior Management which outlines the principles for the BNRC to determine and propose an appropriate level of remuneration for the Directors and Senior Management. The policy is available on the Company's website at www.enra.my.

Details of the remuneration of the Directors of the Company for the financial year ended 31 March 2023 are provided in Practice 8.1 of the CG Report.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit, Risk Management and Sustainability Committee

The Board has established an ARMSC to provide robust and comprehensive oversight on the financial reporting matters as well as the external audit, internal audit and sustainability processes. The ARMSC comprises four (4) members, all of whom are Independent Non-Executive Directors. The Company also complies with Practice 9.1 of the MCGG 2021 that the Chairman of the ARMSC is not the Chairman of the Board. In line with the requirements of Paragraph 15.09 (1)(c)(i) of the MMLR of Bursa Securities, one (1) of the members of ARMSC is a member of the Malaysian Institute of Accountants and a qualified Chartered Accountant with the Institute of Chartered Accountants in England and Wales (ICAEW).

The Board upholds the integrity of financial reporting by the Company. As such, it has established procedures, via the ARMSC, in assessing the suitability and independence of the external auditors. Such procedures entail the provision of written assurance by the external auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the Malaysian Institute of Accountants. The ARMSC has met with the external auditors without the presence of the Executive Directors and Management twice during the financial year ended 31 March 2023.

The ARMSC is satisfied in its review that the provision of non-audit services by Messrs. BDO PLT to the Group for the financial year ended 31 March 2023 did not in any way impair their objectivity and independence as external auditors of the Company.

On an annual basis, the ARMSC reviews and monitor the suitability and independence of the external auditors. The ARMSC is satisfied with the competence and independence of the external auditors and had recommended the re-appointment of Messrs. BDO PLT as external auditors for shareholders' approval at the 30th Annual General Meeting.

II. Risk Management and Internal Control Framework

The Board is ultimately responsible for the establishment of a sound framework to manage risks. The President & Group Chief Executive Officer oversees these risk management processes and activities and reports to the Board. The Management assists the Board in the implementation of the Board's policies and procedures on risk management and internal control.

The Board acknowledges its responsibility for the Group's systems of internal control and risk management and for reviewing the effectiveness of those systems. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives. Any system can only provide reasonable but not absolute assurance against material misstatement, loss or fraud.

The Statement on Risk Management and Internal Control as set out on pages 71 to 76 in this Annual Report provides an overview of the management of risks and the state of internal controls within the Group.

The Company has in its employment, an internal auditor ("Internal Auditor") who reports directly to the Chairman of the ARMSC. The internal audit function reviews the controls and processes of the organisation in accordance with the approved audit plan which adopts a risk-based approach toward planning and audit execution. The scope of work covered by the internal audit function during the financial year is set out on page 70 of this Annual Report.

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. Communication with Stakeholders

The Board recognises the importance of effective and timely communication with shareholders and the investors to ensure they make informed decisions. The Company keeps shareholders abreast of the financial performance and the future developments of the Group by way of the annual report, announcements of quarterly financial results and significant transactions made through Bursa Securities as well as press releases. The Company, through its internal Investor Relations representatives and the active participation of its management team, maintains regular two-way communication with the investment community, media and its financiers to keep them updated with the latest developments.

ENRA's website is regularly updated to provide information relevant to shareholders and other stakeholders. The website also has an email alerts service where shareholders and anyone who is interested may register to receive the latest news and announcements on the Group.

The Group adopted an Investor Relations/Stakeholder Communication Policy to provide accurate and timely disclosure of corporate and other related information to enable informed and orderly decision-making by our stakeholders. The Investor Relations/Stakeholder Communication Policy is available on the Company's website (www.enra.my).

II. Conduct of General Meetings

The AGM of the Company serves as the primary platform for two-way dialogue with shareholders.

The Company had on 27 September 2022, conducted its 30th AGM and Extraordinary General Meeting ("EGM") virtually through live streaming and online remote voting using the Remote Participation and Voting ("RPV") facility. The RPV allowing attendance of shareholders and proxies via remote participation and voting in absentia and have real-time interaction with Board and Senior Management. Questions to the Board were allowed to be submitted in advance and through the real time submission of typed texts during the proceedings of the meetings. Further, in line with Practice 13.1 of the MCCG 2021, the notice convening the 30th AGM dated 28 July 2022 was issued more than 28 days prior to the AGM, which gives shareholders sufficient time to prepare themselves to attend the AGM of the Company or to appoint a proxy to attend and vote on their behalf. Each item of special businesses included in the notice of AGM is accompanied by an explanatory statement for the proposed resolution to facilitate the full understanding and evaluation of the issues involved.

During the 30th AGM and the EGM the Company held on 27 September 2022, shareholders were briefed on the voting procedures and the results of the poll were verified by the independent scrutineer, Commercial Quest Sdn Bhd and displayed on the screen. The results of all resolutions proposed at the 30th AGM and the EGM of the Company were subsequently announced to Bursa Securities via Bursa LINK on the same day for the benefit of all shareholders.

The minutes of the 30th AGM and EGM detailing the meeting proceedings including issues or concerns raised by shareholders and responses by the Company are accessible at the Company's website (www.enra.my).

KEY FOCUS AREAS AND FUTURE PROSPECTS

The Board is committed to cultivating a responsible organisation and will regularly review and refine the Group's CG practices to maintain a sensible and solid framework for effective governance in the interest of the shareholders and stakeholders.

This CG Overview Statement was approved by the Board of ENRA on 21 June 2023.