

EG INDUSTRIES BERHAD

• BOARD CHARTER

1. Application

The Board Charter sets out the roles and responsibilities, membership, composition and operation of the Board. The powers and authorities of the Board are derived from the Articles of Association of EG (“Articles”), the Companies Act, 1965 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”). In this Charter, reference to EG shall, where applicable, include reference to EG subsidiaries.

2. Roles of the Board

2.1 The Board’s primary commitment is to direct and oversee the business of the EG Group and to ensure that the conduct of EG Group’s operations promotes business sustainability, integrity and complies with relevant law, rules and regulations. The Board review and decides on matters related to the overall EG Group strategy and financial matters.

2.2 In discharging the Board’s stewardship responsibilities, the Board has assumed the following principle roles and responsibilities:-

- a) Review and approve annual corporate plan, which includes overall corporate strategy, operational plan, marketing plan, human resources plan, financial plan and budget, risk management plan and information technology plan.
- b) Oversee the conduct of business and to evaluate whether the business is being properly managed.
- c) Identify principal risks and ensure the implementation of appropriate systems to control, monitor and manage these risks.
- d) Oversee the succession planning and appointment of senior management, including ensuring senior management personnel are of sufficient calibre.
- e) Review the adequacy and integrity of internal control systems and management information systems, ensuring the establishment of sound framework of reporting on internal controls, including regulatory compliance.
- f) Review and approve financial statements.

2.3 Chairman

The Chairman of the Board is appointed from a member of the Board. The Chairman leads the Board in the conduct of the Board Meetings and is also responsible for the effective performance of the Board.

2.4 Managing Director

The Managing Director (“MD”) is a member of the Board. He is responsible for the day to day management of EG Group’s business and the implementation of the plans, targets and policies set by the Board. The MD also manages the respective responsibilities of the divisions and departments in EG and he is assisted in the management of the business by the Management Committee (“MC”). The MC serves in an advisory capacity to the MD in accomplishing the vision, mission, strategies and objectives set for the Company.

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• BOARD CHARTER (cont)

3. Board Committees

3.1 The Board may from time to time establish Committees as it considers appropriate to assist in carrying out its duties and responsibilities and to allow detailed deliberation on specific issues. The Board currently delegates certain functions to the following Committees to assist in the execution of its responsibilities:-

- a) Audit Committee
- b) Nomination and Remuneration Committee.

3.2 The Committee shall operate under their respective Terms of Reference. The Chairman of the respective Committees reports to the Board on the outcome of the Committee meetings and minutes of Committee meetings are made available to all Directors.

4. Board Membership

4.1 Attributes and Composition

The Board ensures that its composition meets the requirements of the EG Group to achieve efficient decision-making with the benefit of a variety of experiences, knowledge, qualifications and expertise. The number of Directors shall, at all times, comply with the Listing Requirements and the Articles.

The Board regularly assesses its performance and that of individual Directors on an annual basis. In addition, the Board regularly assesses the independence of the independent directors and their ability to bring unbiased and objective judgment to the Board's decisions.

4.2 Board Appointment and Board Succession Planning

The appointment of new Director is made upon recommendation from the Nomination and Remuneration Committee whose primary responsibilities are to evaluate, assess and recommend candidates for Board approval.

All Directors are expected to commit to their responsibility to EG Group, including in the exercise of their fiduciary and leadership roles. The Directors shall consult the Chairman before accepting new directorship in any other public listed company.

4.3 Induction and Training for Board Members

Each newly appointed Director is provided with a Directors' dossier to serve as an induction literature on the EG Group's expectations, business and operations. In addition to the mandatory accredited programme, the Board shall assess further training needs of the directors on an on-going basis.

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5. Directors' Remuneration

Directors' remuneration is generally determined at levels which would continue to attract and retain Directors of high calibre and with the required competence. The Board is assisted by the Nomination and Remuneration Committee in assessing and recommending suitable remuneration for the Directors.

6. Board Process

6.1 Board Meetings

The Board meets every quarter with additional meetings convened as and when urgent issues and/or important decisions are required to be taken, notwithstanding the scheduled Board meeting, any Director may, at any time, and the Company Secretary shall, on the requisition of a Director, convene a meeting of the Directors.

Board Meetings are conducted in accordance with the Listing Requirements, the Articles and the Companies Act, 1965. The Management and external consultants may be invited to attend Board meetings to present or report on matters relating to their areas of responsibility.

6.2 Access to Advice

All Directors have access to the advice and services of the Company Secretary. The Board is entitled to obtain external independent professional advice on matters relating to EG Group's business and operations, at EG Group's expenses.

7. Ethics and Compliance

The Board has adopted the EG Code of Conduct and Business Ethics ("CoBE") that seeks to ensure ethical behaviours and conduct by the Directors, all EG Groups' employees and external parties liaising with EG Group. In addition, the Board has also adopted the EG Whistleblowing Policy. A copy of the CoBE is available on the EG corporate website.

8. Integrity of Reporting

8.1 The Board aims to present a fair and balanced evaluation of the EG Group's financial position, performance and prospects by ensuring that the financial treatment of the accounts of EG Group is in compliance with applicable laws, regulations and reporting standards.

8.2 The Board ensures the effectiveness of EG Group's risk management and system of internal controls for good corporate governance with the objective of safeguarding shareholders' investment and the EG Group's assets. The Board is assisted by the Board Audit Committee in overseeing the integrity of the financial reporting process, risk management and system of internal controls and over EG's internal and external audit scope.