



Registration NO:
201801043588 (1305620-D))
(Incorporated in Malaysia)

BOARD CHARTER

37, Jalan TTC 29, Taman Teknologi Cheng,
75250 Melaka, Malaysia.
Tel: 06 - 335 6485 Fax: 06 - 335 1172
Website: <http://www.hppholdings.com>
Email: info@hppholdings.com

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 HPP HOLDINGS BERHAD

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BOARD CHARTER

Adopted on 25 November 2019

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BOARD CHARTER

1.0 INTRODUCTION

- 1.1** The Board of Directors ("**Board**") of HPP Holdings Berhad ("**HPP**" or the "**Company**") believes that good corporate governance is essential for delivering sustainable value to its shareholders and stakeholders. In adhering to the responsibilities set out in this Board Charter, Board members are expected to perform their duties with integrity, honesty and in a professional manner in serving the interests of its shareholders and stakeholders.
- 1.2** This Board Charter serves as a reference point to provide insight into the Board's fiduciary duties, governance structure, authority, terms of reference ("**TOR**") of the Audit and Risk Management Committee ("**ARMC**"), Nomination Committee ("**NC**"), Remuneration Committee ("**RC**") and any other committees deemed necessary by the Board (collectively known as the "**Board Committees**") and key senior management ("**Management**") ("**Board Charter**").

2.0 PURPOSES

- 2.1** The Board is fully committed to maintaining a high standard of corporate governance throughout HPP and its subsidiaries ("**Group**") for long-term sustainable business growth and the protection and enhancement of shareholder's value.
- 2.2** This Board Charter serves as a comprehensive guide for prospective or new Board members and Management to understand their roles and responsibilities and the commitment of time and contribution expected of them.
- 2.3** This Board Charter sets out the standard and principles governing the Board processes and outlines the roles, functions and responsibilities of the Board in accordance with the authority conferred by, amongst others:-
- (i) the ACE Market Listing Requirements ("**AMLR**") issued by Bursa Malaysia Securities Berhad ("**Bursa Securities**");
 - (ii) the Capital Markets and Services Act 2007 ("**CMSA**");
 - (iii) the Companies Act 2016 ("**CA**");
 - (iv) the Malaysian Code on Corporate Governance ("**MCCG**") issued by the Securities Commission Malaysia;
 - (v) the provisions of the Constitution of the Company; and
 - (vi) applicable laws, regulations and guidelines.

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3.0 DUTIES AND RESPONSIBILITIES OF THE BOARD

3.1 The Board is to effectively represent and promote the interests of its shareholders and stakeholders with a view to add long-term value to the Company's shares.

3.2 The Board discharges its responsibilities in meeting the Group's goals, the Board should, among others undertake the following:-

- (i) Strategic planning - to review and approve strategies, business plans and key policies for the Group and monitor Management's performance in implementing them to determine whether the business is being properly managed;
- (ii) Corporate goal - to set corporate values and clear lines of responsibility and accountability, including governance systems and processes that are communicated throughout the Group;
- (iii) Compliance to regulation - to ensure full compliance and to carry out the duties of the Board in accordance with the relevant provisions of the AMLR, the CMSA, the CA, the MCCG and all applicable laws, regulations and guidelines;
- (iv) Independent and transparent - to ensure that there shall be unrestricted access to independent advice or expert advice at HPP's expense in furtherance of the Board's duties;
- (v) Code of conduct - to formalise the ethical standards through a code of conduct which will be applicable throughout the Group and ensure compliance to this code of conduct;
- (vi) Succession planning - to ensure that Management has the necessary skills and experience, has and there is a proper and robust succession plan for its Management and Executive Directors ("ED(s)") in place. Succession planning refers to the process of selecting, training, appointing, monitoring, evaluating and if warranted, replacing any management to ensure succession;
- (vii) Management proposals - to review, challenge and decide on Management's proposals for the Group, and monitor its implementation by Management;
- (viii) Judgmental timing - to ensure that the Board has adequate procedures in place to receive reports from Management periodically and / or on a timely manner, so that the Board has reasonable grounds to make proper judgement on financial matters and business prospects of the Group on an ongoing basis;
- (ix) Financial and non-financial reporting - to ensure all its directors are able to understand financial statements and form a view of the information presented, and to ensure the integrity of the Group's financial and non-financial reporting. Each director shall read the financial statement of the Group and carefully consider whether what they disclose is consistent with the director's own knowledge of the Group's affairs;
- (x) Related party management - to establish procedures to assess any related party transactions, conflict of interest situations or potential conflict of interest situations that may arise within the Company or Group, including any transaction, procedure or course of conduct that raises questions of management integrity;
- (xi) Board committee - to establish and ensure the effective functioning and monitoring of the Board Committees then to delegate appropriate authority and TOR to such committees established by the Board;
- (xii) Board balance - to strive to achieve an optimum balance and dynamic mix of competent and diverse skillsets amongst the members of the Board;

- (xiii) Governance culture - together with Management, promote good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour; and
 - (xiv) Stakeholder communication - to ensure that the Group has in place procedures to enable effective communication with stakeholders.
- 3.3** The Board will direct and supervise the Management, the business and affairs of the Group including, in particular:-
- (i) Sustainability management - to review and adopt a strategic plan for the long-term value creation and includes strategies on economic, environment and social considerations;
 - (ii) Performance management - to establish policies for strengthening the performance of the Group including ensuring that the Management is proactively seeking to build the business through innovation, initiative, technology, new products and the development of its business capital;
 - (iii) Risk management - to identify principal risks, set the risk appetite within which the Board expects the Management to operate and ensure the implementation of appropriate systems to manage the significant financial and non-financial risks and to ensure there is a sound framework for internal controls and risk management;
 - (iv) Internal audit - to establish an internal audit function to obtain assurance of regular review and / or appraisal of the effectiveness of the system of internal controls within the Company and Group. The Board should explain in summary the means that exist for obtaining such assurance of regular review and / or appraisal;
 - (v) Internal control - to review the adequacy and integrity of the Group's internal control system and management information systems, including systems for complying with applicable laws, regulations, rules, directives and guidelines;
 - (vi) Debt repayment capacity - to decide on whatever steps necessary to protect the Company's and Group's financial position and the ability generate cash flow to meet its debts and other obligations when they fall due, and ensuring that such steps are taken; and
 - (vii) Law and regulations - to ensure that the operations of HPP are conducted prudently and within the framework of relevant laws and regulations.
- 3.4** Pursuant to the MCGG, the positions of Chairman and Managing Directors are held by different individuals. The Chairman should be leading the Board in its collective oversight of management, while the Managing Director focuses on business and day-to-day operation of the Group.

4.0 BOARD STRUCTURE AND COMPOSITION

- 4.1** As stipulated under Section 211 of the CA, the business and affairs of the Group must be managed by, or under the direction of, the Board.
- (i) The Board should comprise directors with a diverse set of skills, knowledge, expertise, professional experiences and backgrounds to effectively discharge the Board's roles and responsibilities for the benefit of the Group and its business.
 - (ii) The appointment of members of the Board, in accordance with the Constitution of the Company, is as follows:-

- a. any director so appointed shall hold office only until the next Annual General Meeting (“**AGM**”) and shall then be eligible for re-election.
 - b. an election of directors shall take place each year.
 - c. at the first AGM of the Company, all the directors shall retire from office at the conclusion of the AGM.
 - d. at the AGM in every subsequent year, one-third (1/3) of the directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3), shall retire from office at the conclusion of the AGM in every year provided always that all directors shall retire from office once at least in each three (3) years, but shall be eligible for re-election.
- (iii) The Board shall comprise of at least two (2) members and not more than nine (9) members, as nominated by the NC (unless otherwise determined by ordinary resolution at a general meeting).
- (iv) At any one time, at least two (2) or one-third (1/3) of the Board members, whichever is higher, must be Independent Non-Executive Directors (“**INED(s)**”). In the event of any vacancy of the Board resulting in non-compliance with the above, HPP must fill the vacancy within three (3) months.
- (v) Each appointed Board member shall hold office until the earlier of:
- a. such time as the Board determines to terminate his / her appointment; or
 - b. the Board member ceases to be a member of the Board.
- (vi) Pursuant to Practice 5.3 of the MCCG, the tenure of an INED should not exceed a cumulative term of nine (9) years. Upon completion of nine (9) years, an INED may continue to serve on the Board as non-independent director.

In the event the Board intends to retain an INED beyond nine (9) years, it should be subjected to the following: -

- a. annual assessment by the NC, regarding the independence and contribution; and
- b. annual shareholders’ approval in a general meeting through a two-tier voting process, where the Board provides strong justification on the recommendation: -
 - *Tier 1: Only the large shareholder(s) of the Company votes; and*
 - *Tier 2: Shareholders other than large shareholder(s) votes.*

Large shareholder(s) means a person who –

- a. is entitled to exercise, or control the exercise of, not less than 33% of the voting shares in the Company;
- b. is the largest shareholder of voting shares in the Company;
- c. has the power to appoint or cause to be appointed a majority of directors of the Company; or
- d. has the power to make or cause to be made, decisions in respect of the business or administration of the Company, and to give such effect to such decisions or cause them to be given effect to.

The decision for the resolution is determined based on the simple majority of votes of Tier 1 and a simple majority of votes of Tier 2. The resolution is deemed successful if both Tier 1 and Tier 2 votes support the resolution. The resolution is deemed defeated where the vote between the two tiers differs or where Tier 1 voter(s) abstained from voting.

Notwithstanding the above, an INED who has served a cumulative term of twelve (12) years and above must resign or be re-designated as Non-Independent Director in accordance with AMLR.

- (vii) The Board will undertake a rigorous review to determine whether the “independence” of the director has been impaired to justify retaining an INED beyond the cumulative term limit of nine (9) years. Findings from the review shall be disclosed to the shareholders for them to make an informed decision.
- (viii) The Group is governed by and operates in accordance with the provisions of the AMLR and the MCCG. Accordingly, the Board and the NC takes into consideration the provisions set out therein in assessing independence of the INED.
- (ix) The INED must be independent of management and free from any business or other relationship which could interfere with the exercise of business judgment or the ability to act in the best interests of the Group.
- (x) Any of directors from the Board shall not hold directorships in more than five (5) public listed companies at any one time subject to amendment(s) that may be made to this limitation by Bursa Securities from time to time. Before accepting any new directorship, a director shall first notify the Chairman of the Board and the notification shall include an indication of time that the said director will spend vis-à-vis the new appointment.
- (xi) Pursuant to the gender diversity agenda specified in the MCCG, the Board should take steps to ensure that women candidates are sought in recruitment exercise for the Board and the Management.

Notwithstanding the above, the Board shall, at all times, comprise at least one (1) woman Director in accordance with AMLR.

4.2 Role of a Chairman

- (i) The Chairman of the Board shall be appointed by the Board and may hold an executive office within the Group. However, the position of the Chairman and Managing Director must be held by different individuals.
- (ii) In the absence of the Chairman and/or an appointed deputy in any meeting, the remaining present members shall elect one of themselves to chair the meeting in accordance with the provisions set out in the HPP’s Constitution.
- (iii) The Chairman of the Board shall not be a member of the Board Committees.
- (iv) The responsibilities of the Chairman include, but are not limited to, the following: -
 - a. Leadership to the Board in setting the direction and policies of the Group;
 - b. Lead the Board in the adoption and implementation of good corporate governance practices in the Group;
 - c. Setting the Board meetings agenda and ensuring that Board members receive complete and accurate information in a timely manner;
 - d. Leading Board meetings and discussions;
 - e. Supporting and guiding management in achieving corporate objectives;
 - f. Encouraging active participation and allowing dissenting views to be freely expressed;

- g. Advising the Board of good investor relation with effective communication on the Group's performance and strategic plans;
- h. Representing the Board to shareholders and managing the interface between the Board and the Management;
- i. Maintaining regular dialogue with the Managing Director on overall operational matters and consulting with the remainder of the Board promptly over any matters that gives him/ her cause for major concern;
- j. Ensuring that all directors look beyond their executive function and accept their share of responsibilities in good corporate governance; and
- k. Performing other responsibilities assigned by the Board from time to time and ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole.

4.3 Role of Managing Director

- (i) The position of the Managing Director, in essence, is to ensure the effective implementation of the Group's business plan and policies established by the Board as well as to manage the daily conduct of the business and affairs to ensure its smooth operation. The responsibilities of the Managing Director include, but are not limited to, the following: -
 - a. Business direction - to steer and direct the business of the Group's core operations as well as its various investments to ensure maximum financial return through synergetic application and implementation of the Group's business model and branding;
 - b. Strategic planning - to develop, implement and monitor strategies that incorporate leading business thinking and best practices from all industries and sectors to advance the Group business;
 - c. Succession planning - to effectively oversee the human resources of the Group with respect to key positions in the Group's hierarchy and recruitment of senior management staff, determination of remuneration as well as terms and conditions of employment for senior management and issues pertaining to discipline;
 - d. Stakeholder management - to be the face of HPP in interactions where the interests of HPP as a whole are critical;
 - e. Business development - to explore new business opportunities within the supply chain and related industries using HPP's size and strength as leverage;
 - f. Corporate culture - to cultivate a strong, positive and unique culture exists throughout the Group to become a strategic advantage to the Group;
 - g. Financial responsibilities - to achieve industry-leading financial results through strong and sustainable revenue as well as market share growth;
 - h. Operations responsibilities - to achieve excellent internal operations that reduce costs and continually improve efficiencies;
 - i. Stakeholders management responsibilities - to provide and maintain ongoing engagement and communication with shareholders, public, media, government bodies and other stakeholders in order to build trust and understanding between the Group and its stakeholders;

- j. Customer responsibilities - to improve customer experience through the Group's branding growth and achieve revenue and profitability growth; and
- k. Board balance - to assist the Chairman in organising information necessary for the Board to deal with the agenda and for providing such information to directors on a timely basis.

4.4 Role of individual directors

- (i) A director shall exercise his powers in good faith and in the best interest of the Group.
- (ii) A director shall act honestly and use reasonable care, skill and diligence in the discharge of the duties of his office and shall not make use of any information acquired by the virtue of his position to gain, whether directly or indirectly, improper advantage for himself or for any other persons or to cause detriment to the Group.
- (iii) A director shall avoid conflicts of interest and shall, as soon as practicable after the relevant facts have come to his knowledge, declare the nature and extent of any conflict of interest or potential conflict of interest including interest in any competing business that he or she has with the Group at a meeting of the directors of the Group. All directors shall provide the Company notice of such events and matters relating to him that may be necessary or expedient for the Group and its officers to comply with the requirements of the CA and AMLR.

4.5 Roles of INEDs

- (i) INEDs are persons of competence and credibility who have the necessary skills and experiences to bring an independent judgement to bear on the issues of strategy, performance and resources, including key appointments and standards of conduct.
- (ii) INEDs provide independent judgment, experience and objectivity without being subordinated to operational considerations. They help to ensure that the interests of all shareholders are indeed taken into account by the Board and adequately protected and that the relevant issues are subjected to objective and impartial consideration by the Board.
- (iii) INEDs are expected to devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes as well as keep abreast of industry issues, market development and trends to enable them to sustain their active participation in Board deliberations.
- (iv) INEDs act as a channel of communication between Management, shareholders and other stakeholders. They provide the relevant checks and balances focusing on shareholders' and other stakeholders' interests and ensuring that high standards of corporate governance are applied.
- (v) The NC and the Board regularly assess the independence of the INEDs taking into consideration, among others, a director's background and current activities as well as whether the director can act independently of Management. In this regard, a director is considered to be independent where they are independent of Management and free from any business or other relationship that could materially interfere with the exercise of their unfettered and independent judgement.

5.0 MATTERS RESERVED FOR THE BOARD

5.1 The following are matters specifically reserved for the Board's collective decision. It may be varied from time to time as determined by the Board:

- (i) Limits of authority, including any amendments thereto;
- (ii) Strategic business plan;
- (iii) Annual budget or plan;
- (iv) Audited and quarterly financial statements;
- (v) Approval of new business activities and ventures of the Group;
- (vi) TOR for Board Committees;
- (vii) Appointment and/or removal of Company Secretary;
- (viii) Appointment or removal of external auditors and auditors' remuneration;
- (ix) Related party transactions;
- (x) Terms of appointment for EDs and INEDs;
- (xi) Changes in group structure, e.g. acquisition and disposal of subsidiaries or issuance of new share capital;
- (xii) Constitution of HPP including any amendments thereto; and
- (xiii) Financing required by the Group which includes giving of any guarantee (except bank guarantees in connection with the operating business) or indemnity or the creation or issue of any debenture, mortgage, charge or other securities or interests over its assets by the Group.

5.2 The Board's approval shall be required for the following:-

- (i) Budgeted capital and/or operating expenditures (being transactions of a revenue nature, and in the ordinary course of business) exceeding RM1.2 million (Ringgit Malaysia: One Million and Two Hundred Thousand).
- (ii) Unbudgeted capital and/or operating expenditures (being transactions of a revenue nature, and in the ordinary course of business) exceeding RM250,000 (Ringgit Malaysia: Two Hundred and Fifty Thousand), and where the overall cumulative annual limit of the Managing Director for such unbudgeted expenditures, has exceeded of RM1.0 million (Ringgit Malaysia: One Million) limit.
- (iii) Budgeted disposal of assets (in the ordinary course of business) in excess of RM1.2 million (Ringgit Malaysia: One Million and Two Hundred Thousand).
- (iv) Unbudgeted disposal of assets (in the ordinary course of business) exceeding RM250,000 (Ringgit Malaysia: Two Hundred and Fifty Thousand) and where the overall cumulative annual limit of the Managing Director for such unbudgeted expenditures, has exceeded the limit of RM1.0 million (Ringgit Malaysia: One Million).
- (v) Hiring or contracting of Management positions which are outside of the approved budget.
- (vi) Opening of new bank accounts.
- (vii) Expenditures and Disposals of Assets which are not in the ordinary course of business.

5.3 The Managing Director shall approve for:-

- (i) Budgeted capital and/or operating expenditures (being transactions of a revenue nature, and in the ordinary course of business) up to RM1.2 million (Ringgit Malaysia: One Million and Two Hundred Thousand).
- (ii) Unbudgeted capital and/or operating expenditures (being transactions of a revenue nature, and in the ordinary course of business) up to RM250,000 (Ringgit Malaysia: Two Hundred and Fifty Thousand) and subject to the overall cumulative annual limit of RM1.0 million (Ringgit Malaysia: One Million).
- (iii) Budgeted disposal of assets (in the ordinary course of business) up to RM1.2 million (Ringgit Malaysia: One Million and Two Hundred Thousand).
- (iv) Unbudgeted disposal of assets (in the ordinary course of business) up to RM250,000 (Ringgit Malaysia: Two Hundred and Fifty Thousand) and subject to the overall cumulative annual limit of RM1.0 million (Ringgit Malaysia: One Million).

- (v) Hiring or contracting of Management positions which are within the approved budget.

6.0 BOARD COMMITTEE

- 6.1 The Board may, from time to time, establish committees considered appropriate to assist in carrying out its duties and responsibilities. The Board delegates certain functions to the Board Committees described in Table 1 to assist in the execution of its responsibilities:-

Table 1: Board Committee

Committee	Description
Audit and Risk Management Committee ("ARMC")	i. The ARMC shall comprise of at least three (3) members, all of whom are Non-Executive Directors ("NED(s)") with a majority of them INEDs and is chaired by one (1) of the INED. Notwithstanding this, MCCG encourages that the ARMC should comprise solely of INEDs. ii. The Chairman of the ARMC shall report to the directors at Board meetings any salient matters raised at ARMC meetings that require the Board's notation, approval or decision, including, but not limited to, the financial reporting process. iii. The Board empowers the ARMC to ensure policies and procedures are in place to assess the suitability, objectivity and independence of the external auditor. iv. The ARMC assists in fulfilling the Board's stewardship accountability to its shareholders and financial stakeholders. The ARMC shall provide assurance to the Board with quality and reliable financial information and are responsible for the accuracy and integrity of the Group's financial reporting. v. The ARMC also reviews the risk management framework, processes and reports to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks. vi. The ARMC also sets the risk appetite of the Group as well as ensures that appropriate risk management processes are in place and applied. vii. The ARMC shall review related party transactions and conflict of interest situations that arose, persist or may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity and measures taken to resolve, eliminate or mitigate such conflicts. viii. The ARMC has established a policy that requires a former key audit partner to observe a cooling-off period of at least three (3) years before one is eligible for appointment as a member of the ARMC.

	ix. The positions of the Chairman of the Board and Chairman of the ARMC are held by different individuals.
Nomination Committee ("NC")	i. The NC shall comprise of at least three (3) members, all of whom are NEDs with a majority of them INEDs and is chaired by one (1) of the INED. ii. The Board delegates to the NC the responsibility of ensuring that Board members and Management have the necessary skills and experience, and that measures are in place to provide for the orderly succession of Board and Management. iii. The appointment of the Board and Management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, gender, ethnicity as well as cultural and religious background. iv. The NC shall assess the fit and proper criteria of each individual director prior to his/her initial appointment or proposed re-election/re-appointment as a director, and/or when the Company becomes aware of information that may materially compromise the director's fitness and propriety. v. The NC oversees matters relating to the nomination of new directors, annually reviews the required mix of skills, experience and other requisite qualities of directors as well as the annual assessment of the effectiveness of the Board as a whole, its committees and the contribution of each individual director as well as identify candidates to fill board vacancies, and nominating them for approval by the Board. vi. If the selection of candidates was solely based on recommendations made by existing Board members, Management or major shareholders, the NC should explain why other sources were not used.
Remuneration Committee ("RC")	i. The RC shall comprise of at least three (3) members, all of whom are NEDs with a majority of them INEDs and is chaired by one (1) of them. ii. The RC is primarily responsible for recommending to the Board the remuneration of the EDs and INEDs in all its forms, drawing from outside advice if necessary. iii. The Board may also delegate specific functions to ad-hoc committees as and when required. iv. The powers delegated to these committees are set out in their respective TOR as approved by the Board. The Chairman of the respective committee reports to the Board on the outcome of the committee meetings and such reports or minutes will be included in the board papers.

- 6.2** These committees are authorised by the Board to deal with and to deliberate on matters delegated to them within their authority. Although the Board has granted discretionary authority to these committees to deliberate and decide on certain operational matters, the ultimate responsibility for final decision on all matters lies with the Board.
- 6.3** There must also be a clear division of roles and responsibilities between the Board and the Management to ensure that there is a balance of power and authority.
- 6.4** The responsibilities of the Management are included in the following Table 2:-

Table 2: Management's responsibilities

Responsibilities	Description
a. Planning	(i) Establish plans of action for immediate, short term, medium term and long-term periods.
b. Organising	(i) Organise the resources, particularly human resources, in the best possible manner; and (ii) Assemble and coordinate financial, physical, information and other resources needed to achieve the Group's goals.
c. Directing	(i) Stimulate high performance by employees; and (ii) Communicate and coordinate with employees to lead and enthuse them to work effectively together to achieve the goals and targets of the Group.
d. Controlling	(i) Set performance standards that indicate progress and towards long-term goals of the Group; (ii) Evaluate the progress against the goals and targets of the Group and ensuring proper and timely execution of the same; and (iii) Periodically review, evaluate and monitor performance.

7.0 APPOINTMENT AND RE-ELECTION

- 7.1** The appointment of a new director or chief executive (who is not a director) is a matter for consideration and decision by the full Board upon appropriate recommendation from the NC. The NC's role is to ensure that all appointments of new directors and re-election of directors to the Board are proper and in compliance with the rules of the relevant authorities. Appointment of a new director when it is deemed necessary by the Board and with due consideration given to the mix of skills, expertise, experience, character, integrity, competence, time commitment, diversity, conflict of interest, potential conflict of interest as well as a statement from the Board support such election/re-election of Directors where appropriate, which the person nominated, can bring to the Board.
- 7.2** The NC shall assess the fit and proper criteria of each individual director prior to his/her initial appointment or proposed re-election/re-appointment as a director, and/or when the Company becomes aware of information that may materially compromise the director's fitness and propriety.
- 7.3** In accordance with the Constitution of the Company, all directors who are appointed by the Board are subject to re-election by shareholders at the AGM subsequent to their appointment and one-third (1/3) of the remaining directors are subject to re-election by rotation at each AGM thereafter.

- 7.4** Directors appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the next AGM of the Company. He shall then be eligible for re-election but shall not be taken into account in determining the directors who are to retire by rotation at that meeting.
- 7.5** Directors shall retire from office at least once every three (3) years but shall be eligible for re-election.

8.0 DIRECTOR'S TRAINING

- 8.1** Directors of public listed companies appointed to the board must attend and complete the mandatory accreditation programme within four (4) months of being appointed or the Company's listing date as prescribed by Bursa Securities under Rule 15.08 and Guidance Note 10 of the AMLR.
- 8.2** In order to enable the directors to effectively discharge their duties and increase their contribution in Board deliberations, directors are encouraged to attend seminars and/or training programmes organised by the relevant authorities and/or professional bodies to expand their knowledge and to keep abreast with the changes in relevant laws and regulations as well as the business environment.
- 8.3** The training needs of the Board will be deliberated periodically and the trainings attended by the directors will be disclosed in the annual report.

9.0 DIRECTORS' REMUNERATION

- 9.1** The RC recommends the remuneration package for the EDs to the Board for approval. Pursuant to the MCCG Guidance 7.2, the RC should only consist of NEDs and a majority of them must be INEDs. Directors must abstain from deliberation and voting on decisions in respect of their own remuneration and/or fees.
- 9.2** All directors are paid directorship fees that are determined by the Board and approved at the AGM. Attendance allowances are also paid to the INEDs for each Board or committee meeting they have attended.
- 9.3** The Board takes into consideration, among others, information and/or data obtained from the internal surveys undertaken by the Board and the Management to ensure that the said packages are competitive with market rates. The fees and benefits payable to the directors are subject to the approval of the shareholders.

10.0 BOARD PROCEDURES

- 10.1** The conduct of members shall be consistent with their duties and responsibilities to the Group and, indirectly, to shareholders. The Board will be disciplined in carrying out its role, with emphasis on strategic issues and policy.

10.2 Board meetings

- (i) Meetings shall be conducted at least on a quarterly basis. If additional meetings are to be convened, a director may request for such a meeting to table matters of urgency, and the Company Secretary, upon the request of the Board Chairman or any one (1) director, shall convene a meeting. The Company Secretary shall prepare and distribute a timetable for all required to attend the meetings.
- (ii) The Company Secretary shall on the requisition of the members of the Board summon a meeting of the Board. Reasonable notice of every Board meeting shall be given in writing.

- (iii) The following list (not exhaustive) consists of the schedule of matters reserved for collective decision of the board:-
 - a. the quarterly financial statements for announcement to authorities;
 - b. relevant financial and operational report(s) from the Management;
 - c. public announcements;
 - d. specific proposals for capital expenditure and acquisitions; and
 - e. major issues and opportunities for the Group.
- (iv) Additionally, the Board will hold annual meetings to discuss and deliberate on the following:-
 - a. Review the following year's business plan and approve the annual budget;
 - b. Approve the annual financial statements;
 - c. Consider and, if appropriate, declare or recommend the payment of dividends;
 - d. Review Board composition, structure and succession;
 - e. Review the Group's audit requirements;
 - f. Review the performance of, the necessity for and composition of Board committees;
 - g. Undertake Board and individual director evaluations;
 - h. Review directors' remuneration; and
 - i. Review risk assessment policies and controls and compliance with legal and regulatory requirements.
- (v) Directors shall use their best endeavours to attend Board meetings and to prepare thoroughly. Directors are expected to participate fully, frankly and constructively in Board meetings, discussions and other activities and to bring the benefit of their particular knowledge, skills and abilities to the board's table. Directors who are unable to attend a meeting shall advise the Company Secretary accordingly.
- (vi) Board discussions shall be open and constructive, recognising that genuinely-held differences of opinion can, in such circumstances, bring greater clarity and lead to better decisions. The Chairman shall, nevertheless, seek a consensus in the Board but may, where considered necessary, call for a vote. All discussions and their record will remain confidential unless there is a specific direction from the Board to the contrary, or such disclosure as required by law.
- (vii) All directors of the Company are required to attend the board meetings. However, other officers of the Company may be invited to attend for particular items within their responsibility. The Board may also invite external parties such as auditors, solicitors and consultants when the need arises.
- (viii) Questions arising at any meeting of the Board must be determined by a majority of votes of the members present. In the case of an equality of votes, the chairperson of the board meeting is entitled to a second or casting vote, except where two (2) directors form a quorum, the chairperson of a meeting at which only such a quorum is present, or at which only two (2) directors are competent to vote on the question at issue shall not have a casting vote. In the case of an equality of votes, where two (2) members form a quorum, the meeting shall stand adjourned at another day, time and place when at least three (3) or more members may be present to decide on the issue.

10.3 Agenda

- (i) The Chairman, together with the Managing Director and the Company Secretary, shall undertake the primary responsibility for preparing the meeting agenda. In the event issues requiring the Board's decision arise between meetings, such issues shall be resolved through circular resolution subsequent to discussions being held amongst the Board members, either via teleconference, videoconference, email, etc. in order for the Board as a whole to be appraised on such matters and obtain

their view points before arriving at a decision. Such circular resolution in writing shall be valid and effectual if it is signed or approved by letter or facsimile by all members of the Board and such discussions, including any concerns raised and the rationale for the decisions so made in the resolution shall be tabled at the immediate board meeting for formal record keeping.

10.4 Meeting papers

- (i) To allow sufficient time for directors to consider the relevant agenda items, board papers and relevant information on the agenda items shall be circulated at least five (5) business days prior to the meeting, or a shorter period due to extenuating circumstances, prior to the meeting. When there is a need to table a report, a brief summary of findings and/or recommendations shall be prepared.
- (ii) Minutes shall be prepared within thirty (30) days following a board meeting and shall be circulated in draft form. The draft minutes shall be re-circulated with the board papers in readiness for signing at the following meeting. The Board shall record its deliberations, in terms of issues discussed, and the conclusions reached in discharging its duties. If one or more directors request for their opinion to be noted, the Company Secretary shall comply with the request.

10.5 Access to information

- (i) A record of submissions, papers and materials presented to the Board shall be maintained and held by the Company Secretary, together with minutes of meetings, and shall be accessible to the directors upon request.
- (ii) All directors have the same right of access to information relevant to the furtherance of their duties and responsibilities as directors of the Company, subject to a formal written request to the Chairman furnishing satisfactory and explicit justification for such request.

10.6 Independent professional advice

- (i) The Board, as a whole, as well as any Director is entitled to obtain independent professional advice relating to the affairs of the Group or to his responsibilities as a Director.
- (ii) If a director considers such advice necessary for the discharge of his duties and responsibilities as director and for the benefit of the Group, such director shall first discuss it with the Chairman and, having done so, shall be free to proceed, where appropriate.
- (iii) Subject to the prior approval of the Chairman, the cost of the advice shall be reimbursed by the Company but the director concerned shall ensure, so far as it is practicable, that the cost is reasonable.

10.7 Induction process

- (i) The objective of the induction process is to facilitate directors in their understanding of the Group, its culture and operations.
- (ii) The induction of directors shall include (but is not limited to) the following:-
 - a. Time with other officers of the Company (in particular the Chairman, the Company Secretary and, if the INED is a functional specialist, his counterpart);
 - b. Furnishing of a copy of the previous Board minutes for at least the past six (6) months, the business/ strategic plan, pertinent management reports, profile

- of key competitors and significant reports by management consultants on areas of Board responsibilities
- c. Visits to key sites (if such business units are integral and significant to the Group); and
- d. An induction programme of about two (2) days, focusing on the above key elements, and also presentations from various divisions within the Group on their strengths, weaknesses and aspirations.

10.8 Directors' external commitments and conflict of interest

- (i) A director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Group shall declare his interest in accordance with the provisions of the CA. The director concerned shall not participate in deliberations and shall abstain himself from casting his vote in any matter arising therefrom, except for the circumstances provided under Constitution of the Company.
- (ii) Should there be an actual, potential or perceived conflict of interest between the Group or a related corporation and a director, or an associate of a director as a spouse or other family members, the director involved shall make full disclosure and act honestly in the best interest of the Group.
- (iii) An actual, potential or perceived conflict of interest shall not necessarily disqualify an individual director from the Board provided that full disclosure of the interest has been made in good faith and with due honesty.
- (iv) For the purpose of the above-mentioned paragraphs, the directors shall perform an annual self-declaration on independence (in respect of those who are INEDs) and conflict of interest for the Group's records.

10.9 Other board appointments

- (i) Any director, while holding office, and subject always to the limitation on numbers of directorship as imposed by the CA or the AMLR, is at liberty to accept other board appointments so long as the appointments are not in conflict with the interest of the Business and does not detrimentally affect the director's performance as a director.
- (ii) Directors should notify the Chairman before accepting any new directorship. The notification should include an indication of time that will be spent on the new appointment. The Company Secretary should be informed once the new appointment takes place.

10.10 Representation of the Group

- (i) The Board looks to the Management to speak on behalf of HPP and to manage the communication of information to shareholders, investors, other stakeholders and the public in an orderly and effective manner while adhering, at all times, to relevant laws and regulatory requirements.

10.11 The Constitution of the Company and Management's limits

- (i) The Board operates pursuant to the powers conferred by the Constitution of the Company, including any changes thereof as approved by shareholders at General Meetings.
- (ii) Management is expected to act within all specific authorities delegated to it by the Board.
- (iii) Management is expected not to cause or permit any practice, activity or decision that is contrary to commonly accepted good business practices or professional ethics.

10.12 Indemnities and insurance

- (i) The Company shall provide directors with, and will pay the premiums for, indemnity and insurance cover while acting in their capacities as directors.

10.13 Role of Company Secretary

- (i) The appointment and removal of the Company Secretary shall be a matter of the Board as a whole. The Board recognises that the Company Secretary should be suitably qualified, competent and capable of carrying out the duties required.
- (ii) The duty and responsibilities of the Company Secretary include, but are not limited to the following:-
 - a. Manage the logistics of all Board and committee meetings, attend and record minutes of all Board and committee meetings and facilitate Board communications;
 - b. Advise the Board on its roles and responsibilities;
 - c. Facilitate the orientation of new directors and assist in director training and development;
 - d. Advise the Board on corporate disclosures and compliance with company and securities regulations and AMLR;
 - e. Manage processes pertaining to the AGM;
 - f. Monitor corporate governance developments and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectations; and
 - g. Serve as a focal point for stakeholders' communication and engagement on corporate governance issues.

11.0 CONDUCT OF GENERAL MEETING

- 11.1** The notices convening General Meetings shall specify the place, day and hour of the General Meeting, and shall be given to all Shareholders at least fourteen (14) days before the General Meeting or at least twenty-one (21) days before the General Meeting where any special resolution is to be proposed or where it is an AGM. Any notice of a General Meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. At least fourteen (14) days' notice or twenty-one (21) days' notice in the case where any special resolution is proposed or where it is the AGM, of every such meeting must be given by advertisement in at least one (1) nationally circulated Bahasa Malaysia or English daily newspaper and in writing to each stock exchange upon which the Company is listed.
- 11.2** All directors shall commit to attending all General Meetings of the Company in order to provide an opportunity for the shareholders to effectively engage with each director.
- 11.3** The Chairman of the Board Committees should provide meaningful response to questions addressed to them.
- 11.4** All votings on resolutions in all general meetings would be conducted via poll voting.

12.0 FINANCIAL REPORTING

- 12.1** The Board aims to present a balanced and meaningful assessment of the Group's financial performance and position as well as prospects of the business in the periodic disclosure of the annual audited financial statements and quarterly report announcements to the shareholders.

- 12.2** In order to ensure true and fair view of the financial position, performance and cash flows of the Group, the Board ensures that the financial statements are prepared in accordance with the provisions of the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the CA. The Board is assisted by the ARMC to oversee the Group's financial reporting processes and the quality of its financial reporting.

13.0 RELATIONSHIP WITH MANAGEMENT

- 13.1** Directors may delegate their powers as they consider appropriate. However, the ultimate responsibility for strategy and control rests with the directors as guided by the EDs.
- 13.2** The Board will be supplied by Management with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively. Directors are entitled to request for additional information at any time when they consider appropriate.
- 13.3** Any abstention, due to any reason whatsoever including but not limited to conflict of interest must be indicated to the Chairman at the time the matter is being considered and recorded in the minutes.

14.0 SHAREHOLDERS RELATIONSHIP

- 14.1** The Board is conscious of the interest of all shareholders, employees, creditors and customers of the Group.
- 14.2** The Board recognises the importance of effective communication with shareholders and the public in general. In this respect, the Board keeps shareholders and the public informed through announcements, releases of quarterly financial results, annual reports, circulars and General Meetings. In respect of dealing with and responding to queries from its shareholders, the Group shall designate a contact person(s) for shareholders' communication purposes.
- 14.3** The AGM is the principal forum for communication with shareholders. Shareholders able to raise any queries regarding financial performance and future planning of the Group.

15.0 STAKEHOLDERS MANAGEMENT

- 15.1** Although the primary duty of the Board is to provide accountability to its shareholders, a wide range of stakeholders have begun to look to the Board to provide information about the Group's standing. This includes the regulators for statutory disclosure, creditors and lenders for confirmation on financial position, and customers for business sustainability. In meeting these accountability responsibilities, the Board shall use its best endeavours to familiarise itself with the issues which are of concern to the stakeholders especially corporate social responsibility issues and others relevant.
- 15.2** There are various communication channels to promote effective dissemination of information such as announcements released on Bursa Securities via BURSA LINK, press releases and analyst briefings as well as on the Company's website at <http://www.hppholdings.com>.
- 15.3** Pursuant to Rule 30 of Appendix 9C and Rule 6, of Guidance Note 11 of the AMLR, the Group is required to present its Sustainability Report along with the Annual Report. The Sustainability Report addresses the environmental, social and governance issues surrounding the Group. The Board has worked to build sustainability into an essential element of the Group's corporate culture and business decision making, striving for transparent business practices that are based on ethical values and respect for the

community, its employees, the environment, its shareholders and other stakeholders. The Board is committed to social and environmental sustainability. This fundamental corporate responsibility is advocated by the Board and intensively nurtured and practiced by the Management with a firm commitment to three (3) major stakeholders as set out in the following Table 3:

Table 3: Stakeholder management

Employees	Customer	Environment
The Board acknowledges that the employees are invaluable assets of the Group and play a vital role in achieving the Company Goals. The Board is committed to ensure the Management builds a company where employees are happy to work, confident and take pride as part of the Group.	The Board is committed to ensure that the Management places the highest regards in relation to the safety and quality of products. Management to ensure its products and services are in order to achieve the highest customer satisfaction.	The Board is committed to ensure that the Management preserve and enhance the society's quality of life by improving the Group's activities in order to sustain the environment in all areas of the Group's operations.

16.0 CODE OF CONDUCT AND ETHICS

- 16.1** The Board has adopted a Code of Conduct and Ethics ("**Code**") which sets forth to avoid any conflict of interest with fiduciary duty. The Code imposes guidelines for directors to exercise independent judgment and, if necessary, to openly oppose if the interest of the Group is at stake.
- 16.2** The Board is committed to promote professionalism and improve the competency of Management and employees. The Board must at all times act with utmost good faith and integrity towards the Group in any transaction and to act honestly.
- 16.3** The Board will review the Code as and when necessary to ensure that it remains relevant and appropriate. The Code can be viewed on the Company's website.

17.0 WHISTLEBLOWING POLICY

- 17.1** The whistleblowing policy offers protection to those who make their concerns known in good faith and if the disclosure has been made to the appropriate person. An anonymous/safe avenue is provided for the employee, officer or stakeholder to report or disclose through established channels, concerns about any violations of the Code, unethical behaviour, malpractices, illegal acts or failure to comply with regulatory requirements that is taking place / has taken place / may take place in the future.
- 17.2** Any concerns raised will be investigated and a report and update are provided to the Board, through the ARMC.
- 17.3** The Board will review the whistleblowing policy as and when necessary to ensure that it remains relevant and appropriate. The whistleblowing policy can be viewed on the Company's website.

18.0 REVIEW OF THE BOARD CHARTER

- 18.1** The Board will review this Board Charter once every three (3) years or as and when necessary to ensure it remains consistent with the Board's objectives and responsibilities and any new regulations that may have an impact on the discharge of the Board's responsibilities.
- 18.2** This Board Charter was first adopted by the Board on 25 November 2019, and the Board Charter is made available at the Company's website.
- 18.3** The Board Charter was reviewed and approved by the Board on 18 July 2024.