

eKO WOOD[®]
EKOWOOD INTERNATIONAL BERHAD

Company No.: 301735-D
(Incorporated in Malaysia)

BOARD CHARTER

1. INTRODUCTION

The Board of Directors (“Board”) is accountable and responsible for the overall stewardship of the conduct, affairs and performance of Ekowood International Berhad (“Ekowood” or “the Company”), including practicing a high level of good governance. All Board members are expected to show good stewardship and act in a professional manner, as well as upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.

2. PURPOSE

This Board Charter set out the authorities, role and responsibilities, membership, functions, composition, operation and processes of the Board and is to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members.

This Board Charter would act as a source of reference and primary induction literature to provide insights to prospective Board members and senior management. In addition, it will assist the Board in the assessment of its own performance and of its individual Directors.

3. THE BOARD

3.1 Board Membership

3.1.1 Board Composition

At least two (2) directors or one third of the Board, whichever is higher, shall be independent directors as defined in the Bursa Securities Main Market Listing Requirements. The Company should be headed by an effective Board which should lead and control the Ekowood Group.

There should be an effective Board composition, with a strong independent element where no individual or small group of individuals should be allowed to dominate the Board’s decision making.

The Board should be led by Directors who have the experience and background necessary to serve effectively on the Board and its committees, which may include financial, technical, business and other expertise as determined by the Board. Non-Executive Directors should be persons of calibre, credibility and have the necessary skill and experience to bring an

independent judgment to bear on the issues of strategy, performance and resources, including key appointments and standards of conduct.

Subject to the Company's Articles of Association, the Board size will be set by the Board based on the recommendation of the Nomination Committee. The specific number of Board members will be reviewed from time to time with the objective of maintaining the right mix of skills, experience, expertise and independence.

3.1.2 Appointment and Re-election

The appointment of a new Director is a matter for consideration and decision by full Board, upon the recommendation from the Nomination Committee. In making these recommendations, the Nomination Committee will not be guided solely by gender but rather the professionalism, integrity, expertise and experience of the candidate.

The new Director is required to commit sufficient time to attend to the Company's meetings/matters before accepting his/her appointment to the Board.

In accordance with the Company's Articles of Association, all Directors shall retire from office once at least in each three (3) years, but shall be eligible for re-election. An election of Directors shall take place each year.

3.1.3 Independent Directors

The assessment criteria for independence shall not limit to the length of service of an independent director. Particular emphasis is placed on the role of independent directors to facilitate independent and objective decision making in the Company, free from undue influence and bias.

Annual assessment of the independent directors will be undertaken in accordance with prescribed criteria.

3.1.4 New Directorship

All Board members shall notify the Chairman of the Board before accepting any new directorship and to indicate the time expected to be spent on the new appointment.

3.2 Board Responsibilities

The main duties and responsibilities of the Board comprise the followings:-

- Setting the objectives, goals and strategic plan for the Company with a view to maximizing shareholder value;
- Adopting and monitoring progress of the Company's strategy, budgets, plans and policies;
- Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed;

- To consider and approve reserved matters covering corporate policies, material investment and acquisition/disposal of assets;
- Identifying principal risks and ensure implementation of appropriate systems to manage these risks;
- Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management;
- Developing and implementing an investor relations programme or shareholder communications policy for the Company;
- Reviewing the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines; and
- Reviewing the term of office and performance of the Audit Committee and each of its members at least once in every three (3) years to determine whether the Audit Committee members have carried out their duties in accordance with their terms of reference.

3.2.1 Roles of Chairman and Group Managing Director

The roles of the Chairman, Deputy Chairman and Group Managing Director are separately and clearly defined and the positions are individually held by three (3) persons to ensure a balance of power and authority.

The Chairman is assisted by the Deputy Chairman to oversee the orderly conduct and effectiveness of the Board by ensuring a cohesive working relationship between members of the Board.

The Group Managing Director has overall responsibility for the day-to-day management of the business and is responsible for the Group strategies, organizational effectiveness, implementation of Board policies and decisions.

3.2.2 Role of Executive Directors

Executive Directors are, as employees, involved in the day-to-day management of the Company. They are responsible for making and implementing operational and corporate decisions as well as developing, coordinating and implementing business and corporate strategies.

3.2.3 Role of Non-Executive Directors

Non-Executive Directors play key supporting roles, contributing knowledge and experience towards the formulation of policies and in decision-making process. They could provide the relevant checks and balances, focusing on shareholders' and other stakeholders' interests and ensuring that high standards of corporate governance are applied.

3.3 Board Meetings

The Board meets regularly at least four (4) times a year with due notice of issues to be discussed and records its deliberations and conclusions in discharging its duties

and responsibilities. Additional meetings will be convened as and when required. In the intervals between Board meetings, for exceptional matters requiring urgent Board decision, Board approvals are sought via circular resolutions, which are supported with sufficient information required to make an informed decision.

3.4 Board Committees

The Board delegates some of its function to the Committees of the Board which operate within clearly defined terms of reference with a view to assist in the fulfillment of its responsibilities.

Chairman of the various Committees report to the Board with a recommendation on all matters considered at its meeting. Minutes of each Committee meeting are also circulated to the Board.

The Board Committees established at Ekowood are as follows:-

- Audit Committee
- Nomination Committee
- Remuneration Committee

The respective Committees' term of reference are set out in Appendices A, B and C.

4. ACCESS TO INFORMATION AND INDEPENDENT ADVICE

Directors shall have access to all information within the Company whether as a full Board or in their individual capacity, to the extent that the information required is pertinent to the discharge of their duties as Directors.

The Board has also put into place a procedure for Directors, whether as a full Board or in their individual capacity, to take independent professional advice at the Company's expense, if necessary.

All Directors have access to the advice and services of the Company Secretaries in carrying out their duties.

5. DIRECTORS' ETHICS

The Board continues to adhere to the Code of Ethics for Company Directors issued by the Companies Commission of Malaysia ("Code of Ethics") as set out in Appendix D.

The Board is ultimately responsible for the implementation of this Code of Ethics. The Board has delegated to the Nomination Committee the responsibility to administer this Code of Ethics. Directors who learn of or suspect that a violation of the Code of Ethics has occurred or is likely to occur must immediately report the violation to the Chairman of the Nomination Committee, or to any other member of the Nomination Committee, except in the case of issues regarding the Company's financial statements, financial reporting, accounting, auditing matters or internal accounting controls of which it should be reported to the Chairman of the Audit Committee. If a Director is unsure whether a violation should be reported to the Nomination or the Audit Committee, he or she is encouraged to report to both Committees. Directors who report violations or suspected violations in good faith will

not be subject to retaliation of any kind. Reported violations will be treated confidentially to the extent possible.

Alleged violations of the Code of Ethics shall be investigated by the Nomination Committee and may result in discipline and other action at the discretion of the Board upon recommendation of the Nomination Committee, including, where appropriate, removal from the Board. The Board is ultimately responsible for the investigation and resolution of all issues that may arise under this Code of Ethics.