
EVD BERHAD

BOARD CHARTER



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EVD Berhad

(Registration No. 201901045325 (1354655-D))

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BOARD CHARTER

1 INTRODUCTION

- 1.1 The Board of Directors (“the Board”) of EVD Berhad (“the Company”) have collective oversight and responsibility for the overall long-term success of the Company and the delivery of sustainable value to its stakeholders. The Board regards corporate governance as vital for the business success of the Company and its subsidiaries (“the Group”).
- 1.2 The purpose and objective of establishing the Company’s board charter (“Board Charter”) is to set out guidelines on good Corporate Governance practices with the highest standards to help guide the Board in their overall stewardship of the Group.
- 1.3 The Board Charter is in line with the principles of the Malaysian Code on Corporate Governance 2021 (“MCCG”), the ACE Market Listing Requirements (“AMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), the Companies Act 2016 (“the Act”) and the Constitution of the Company (“the Constitution”), as amended from time to time and any other applicable law or regulatory requirements.
- 1.4 The Board Charter defines and sets out amongst others guidance to the Board on the:
- Roles, responsibilities, duties and functions of the Board;
 - Composition, conduct, process and operations of the Board;
 - Delegation of authority by the Board to various committees established in assisting the Board to execute its duties and responsibilities;
 - Company’s policies and/or procedures on inter alia, code of ethics, investor relations, dealing in securities and declarations on conflicts of interest, whistle blowing, anti-bribery and corruption and any revisions thereof; and
- 1.5 Matters reserved for consideration and approval by the Board. The Charter will also be a source of reference for any new and prospective Director(s) coming in to serve the Board of the Company.
- 1.6 The guidelines in the Charter are not intended to limit or restrict the discharge of the Board’s fiduciary duties, as the rights of the Board to full and unhindered access to information is fully protected in accordance with applicable laws. This Charter shall be reviewed annually by the Board or earlier should there be a need to incorporate any additional statutory or regulatory requirements.

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2 ROLE OF THE BOARD

- 2.1 The Board is the ultimate decision-making body of the Group, with the exception of matters requiring shareholders' approval. It sets the strategic direction and vision of the Group. The Board is ultimately responsible in leading, governing, guiding and monitoring the entire performance of the Group and enforces good corporate governance standards of accountability, setting the Group's culture and values, all with a view to enabling the Management to execute its responsibilities effectively.
- 2.2 Each Director in the Board is required to be aware of legal parameters that define his/her duties and at all times, exercise his/her powers for a proper purpose and in good faith in the best interest of the Group and shall act honestly and use reasonable care, skill and diligence in the discharge of the duties of his/her office and shall not make use of any information acquired by virtue of his/her position to gain directly or indirectly an improper advantage for himself/herself or for any other person or to cause detriment to the Group.
- 2.3 Each Director shall at all times avoid conflicts of interest, and shall as soon as practicable after the relevant facts have come to his/her knowledge, declare the nature of his/her interest at a meeting of the Directors of the Company. Every Director should be able to devote the required time to serve the Board effectively and shall give notice to the Company of such events and matters relating to him/her as may be necessary or expedient to enable the Company and its officers to comply with the statutory or regulatory requirements.
- 2.4 The Board may establish Board Committees particularly the Audit Committee ("AC"), Risk Management Committee ("RMC"), Nomination Committee ("NC") and Remuneration Committee ("RC") with delegated authority to assist it in discharging its functions and responsibilities.
- 2.5 While the Board may appropriately delegate its authority to these Board Committees, it still cannot abdicate its responsibility as it still has collective and overall oversight of the Board Committees. Each Director shall review, before attending meetings of the Board or Committees, all materials provided by the Company relating to matters to be considered at the meetings.
- 2.6 The function of the Board Committees is to deliberate and make appropriate recommendations to the Board for the Board's ultimate decision-making.

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3 BOARD STRUCTURE AND COMPOSITION

3.1 COMPOSITION

3.1.1 The Board should consist of qualified individuals with diverse experiences, backgrounds, skills and perspectives to properly review, facilitate and deliberate Board matters and the Group's business. The Board acknowledges the importance to promote board diversity including but not limited to gender, age, cultural and educational/professional background.

3.1.2 The following criteria as detailed in the Company's Fit & Proper Policy ("F&P Policy") shall be considered by the NC in assessing and evaluating the suitability of the candidate for appointment or existing Director for reappointment:

- Probity, personal integrity, financial integrity and reputation, where the candidate/Director must have personal qualities such as honesty, integrity, diligence, independence of mind and fairness as well as being able to manage his/her debts or financial affairs prudently;
- Experience and competence, where the candidate/Director must have the skills, working experience, capability and commitment necessary to carry out the role; and
- Time and commitment, where the candidate/Director is able to devote time as a Director, participate and contribute in the Board.

3.2 SIZE

3.2.1 The Company's Constitution allows for a minimum of two (2) and a maximum of nine (9) Directors in the Board. Notwithstanding the above, the Board will assess and determine the appropriate size of the Board to ensure it can function efficiently and effectively to facilitate healthy discussions leading to informed decision-making. In addition, the Company shall ensure at least 2 directors or 1/3 of the board of directors, whichever is the higher, are independent directors.

4 INDEPENDENT DIRECTOR

4.1 An Independent Director provides independent judgement, experience and objectivity without being subordinated to Management's influence. The Independent Directors help to ensure that the interests of all shareholders, and not only the interests of a particular fraction or group, are taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board.

4.2 The tenure of an Independent Director should not exceed a cumulative term of nine (9) years.

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- 4.3 Should the tenure of the Independent Director be justified to be maintained as an Independent Director beyond nine (9) years, and the NC provides their recommendation thereof, the Board may propose a further extension at the shareholders meeting through a two-tier voting process, subject to a cumulative period of not more than 12 years from the date of his first appointment in the Group as an Independent Director. If shareholders do not approve, such Director can still act as a Director on the Board but the Director has to be re-designated as a Non-Independent Director.
- 4.4 In any event, the NC shall, based on the F&P Policy, conduct an assessment once (1) a year to assess the ability of each Director(s) to remain independent throughout the tenure in accordance with the Act and the MCCG principles.
- 4.5 The Board may appoint a Senior Independent Director to whom shareholders' concerns can be conveyed if there are reasons that through the normal channels of the Chair of the Board ("the Chair") have failed to resolve them. The Senior Independent Director is also a sounding board for the Chair and serves as the principal conduit between the Independent Directors and the Chair on sensitive issues.

5 BOARD DUTIES, ROLES AND RESPONSIBILITIES

5.1 BOARD OF DIRECTORS

- 5.1.1 The Board's principal responsibilities are to manage and oversee the strategic business plans for the Group, supervise and provide guidance and direction to Management and adopt a structured approach towards risk identification when dealing with the annual strategy planning to ensure that risk is an integral and explicit part of the strategy discussions.

The Board's duties and responsibilities are as follows:

- Reviewing and adopting a strategic plan for the Group includes reviewing at regular intervals the existing corporate strategy, examining the progress towards designated objectives and evaluating Management's current performance against these objectives. The responsibility of the Board as part of the strategic planning also relates to inculcating and monitoring the elements of good corporate governance and organizational culture as well as values of the Group which includes whistleblowing management;
- Organising and planning Environmental, Social and Governance (ESG) initiatives of the Group by integrating sustainability considerations in the Group's corporate strategy, governance and decision making processes to create durable and sustainable value and maintain confidence of its stakeholders;
- Set the tone from the top and culture towards effective risk management and internal control in all aspects of the Group's activities. The Board approves the risk appetite within which the Board expects Management to operate and ensures that there is an

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appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks including reviewing the risk management framework in order to assess if it provides reasonable assurance that risks are managed within tolerable ranges. The Board shall receive regular updates on the Group's key risks' picture and significant financial and non-financial risks, including compliance risk;

- Ensure that the Board and the Management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of the Board and Management. The performance evaluations of the Board and Management shall include a review of the performance of the Board and Senior Management in addressing the Group's material sustainability risks and opportunities;
- Ensure that the Company has in place procedures to enable effective communication with, and appropriate disclosure to, its shareholders and other stakeholders; and that its shareholders have access to information about EVD
- Ensure that its Directors are financially literate by providing adequate training of members of the Board, where applicable; and
- Ensure the Board has adequate procedures in place to receive reports periodically and/or on a timely basis from Management that would provide the Board with a reasonable basis to make proper judgement on an ongoing basis as to the financial position and business prospect of EVD.

5.2 OTHER DIRECTORSHIPS

- 5.2.1 Each Director must ensure they can commit sufficient time to carry out his or her duties and responsibilities on the Board. They are expected, in addition to attending scheduled Board and Committee meetings, be also able to commit time as and when required on an ad-hoc basis when required.
- 5.2.2 Any Director(s) before accepting any new directorships in any other organisation or has significant commitments outside the Company has to notify the Chairman of the Board. The notification shall include an indication of the Director(s) commitment required under such circumstances and whether the Director(s) can continue to function effectively in the Board.
- 5.2.3 Each Director should not hold office in more than five (5) directorships in listed companies pursuant to Paragraph 15.06 of AMLR.

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6. ROLE OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

6.1 CHAIRMAN

The positions of the Chairman and CEO should be held by different individuals. The separation of positions also promotes accountability and facilitates a clear division of responsibilities with no one individual influencing the Board's discussion and decision-making. The role and responsibility of the Chairman amongst others are to:

- Provide leadership for the Board to allow effective and active participation amongst the Directors during meetings and also acting as a conduit between the Board and Management so that the Board can perform its responsibilities efficiently;
- Lead the Board in instilling and implementing good corporate governance practices in the Company;
- Setting the Board agenda in advance alongside the CEO and the Company Secretary, and ensuring adequate time is available for discussion of all agenda items and the Board receives complete and accurate information in a timely manner;
- Lead Board meetings and discussions and provide a reasonable time for deliberations at meetings. Allow dissenting views to be freely expressed, minuted and promote a culture of openness while maintaining control of the proceedings in ensuring the no Director dominates the discussion;
- Act on the results of Board performance evaluation by recognising the strengths and addressing the weaknesses of the Board; and
- Ensure effective communication that enables both, the Board and Management to communicate effectively with its shareholders, stakeholders and the public generally, especially on the Group's sustainability strategies, priorities and targets as well as performance against these targets.

6.2. CHIEF EXECUTIVE OFFICER/MANAGING DIRECTOR

The key responsibilities of the CEO include the effective management of the Group's business affairs and lead in the implementation of the financial, strategic and operational performance policies and strategies agreed upon by the Board to maximise shareholder's value. The CEO shall seek the approval of the Board for all significant decisions including major financings, acquisitions, dispositions, budgets and capital expenditures. The CEO is responsible for providing leadership guidance and building a sustainable corporate culture.

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7 BOARD COMMITTEES

7.1 The Board may establish Board Committees to assist in the discharge of its responsibilities which shall comprise of the members of the Board and not the Chair of the Board. All Committees shall be established and its members appointed by resolution in a Board Meeting. Each Committee has its own Terms of Reference approved by the Board which are reviewed periodically by the Board.

The current Board Committees are the:

- Audit Committee;
- Risk Management Committee;
- Nomination Committee; and
- Remuneration Committee

8.2 The Board Committees have no independent decision-making authority, except where expressly granted by the Board or applicable law. The establishment of a committee does not alter the Board's legal responsibilities and tasks and the responsibility for any final decisions on all Board reserved matters lies with the Board and shall be minuted.

8.3 The Board Committees shall provide a report/minutes reflecting its work at each Board Meeting.

9 BOARD MEETINGS

9.1 FREQUENCY

9.1.1 The Board shall conduct at least four (4) scheduled meetings a year, with additional meetings convened on an ad-hoc basis as and when the Board's approval and guidance is required.

9.2 NOTICE AND BOARD AGENDA

9.2.1 To provide Directors with sufficient time to review the Board papers, Notices and agenda of Board meetings together with all relevant Board papers shall be distributed in advance at least five (5) business days prior to the Board meetings.

9.3 QUORUM

9.3.1 The quorum for each Board meetings shall be a minimum of two (2) Directors.

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9.4 ATTENDANCE AND MODE OF MEETING

9.4.1 The Chairman of the Board shall chair all Board meetings. In the absence of the Chairman, the members present shall elect a Chairman from amongst them to chair the meeting. The Chairman has the discretion to call for additional meetings at any time.

9.4.2 Each Board member must have a minimum of 50% attendance of the total Board meetings held during the year as required under the AMLR. Attendance of Board members in meetings can be via physical presence or in conference via telephone, video, electronic or other communication facilities that permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously. Such participation via electronic conference mode above is similar as if the person was present in person and will counted towards the quorum and any resolutions agreed upon by the Board as a result shall take effect.

9.4.3 In other cases where the Board's decision is required in between Board meetings, such matters can be resolved through a circular resolution supported by relevant Board papers setting out the subject matter and accompanied by sufficient information to ensure the Directors are well informed. Such circular resolutions in writing signed or approved by letter or via electrical and digital form shall be valid and effectual.

9.4.4 The Board has unrestricted and direct access to all information on the affairs of the Group and to Senior Management as well as to obtain independent professional advice at the cost of the Company so that they can discharge their duties effectively. At the request of the Board, management is obliged to supply all such relevant information on a timely manner.

9.5 VOTING

9.5.1 All resolutions of the Board shall be adopted by a simple majority vote, each member having one (1) vote. In the case of inequality of votes, where two (2) Directors form a quorum, the Chairman 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. Otherwise, in the case of an equality of vote the Chairman shall have a second or casting vote.

9.5.2 The Directors are duty bound to inform the Board of any conflict or potential conflict of interest that may exist in relation to a particular subject matter or business transaction. The Director shall abstain from deliberations and voting of these matters.

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9.6 RESERVED MATTERS FOR THE BOARD

9.6.1 The following matters involving the Company (including changes to any such matters) require the approval of the Board (except where they have been expressly delegated by the Board to a Committee, the Chairman, a Chief Executive Officer (“CEO”) or any such nominated person from Senior Management):

- To sell or dispose of a substantial portion of the Company's main undertaking or property;
- To acquire an undertaking or property of substantial value;
- To issue shares unless otherwise permitted under the Act;
- Subject to the Act, to enter into any arrangement or transaction with a Director or a substantial shareholder of the Company or its holding company or with a person connected with such a Director or substantial shareholder to acquire from or dispose to such a Director or substantial shareholder or persons connected with such Director or substantial shareholder, any shares or non-cash assets of the requisite value;
- Annual budgets, including major capital commitments and capital expenditure budgets;
- Changes in the delegated limits of authority to the CEO and management as specified in the Company’s Manual of Limits of Authority
- Changes to management and control structure within the Company and its subsidiaries including key policies, delegated authority limits
- Appointment of Board members, Board Committee members, CEOs and the Company Secretary; and
- Any matters in excess of any discretions that may have been delegated from time to time to the CEO and Senior Management including in relation to credit transactions, market risks and expenditures.

9.7 COMPANY SECRETARY

9.7.1 The appointment and removal of the Company secretary (“Co-Sec”) is a matter for the consideration of the Board as a whole.

9.7.2 The Co-Sec through the Chairman helps the Board and its committees to function effectively and in accordance with their terms of reference and best practices. The role of the Co-Sec includes but is not limited to the following:

- Manage all Board and Committee meeting logistics (primarily the setting of agendas of the meetings with the Chairman and CEO, disseminating information and papers of meetings, advising on the procedures for meetings), attend and minute deliberations and decisions including dissenting decisions, action points and dissemination of the minutes of the meetings promptly and facilitate board communications;

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- Advise the Board on its roles and responsibilities;
- Facilitate the orientation of new directors and assist in director training and development;
- Advise the Board on corporate disclosures and compliance with company and securities regulations and listing requirements;
- Manage processes pertaining to the annual shareholder meeting that includes the preparation of the Annual Report, circulars to shareholders, notice of AGM, working with the share registrars and ensuring that the due processes and proceedings are in place for the effective conduct of the meeting;
- Monitor corporate governance developments and assist the board in applying corporate governance practices to meet the boards needs and stakeholders' expectations;
- Serve as a focal point for stakeholders' communication and engagement on corporate governance issues; and
- Advise the Board on its obligatory requirements to disclose material information to the shareholders and financial markets on a timely basis.

10 ANNUAL REVIEW OF BOARD EFFECTIVENESS

- 10.1 The Board through the NC shall carry out an annual self-evaluation on the effectiveness of the Board as a whole, of each individual Director and the different Committees established by the Board. The NC is delegated the responsibility to perform the Board effectiveness evaluation as well as the Directors' assessment and shall report the results to the Board which will shall be stated in the Company's annual report as to how the F&P Policy was applied in the assessment process.
- 10.2 On an annual basis, the Board shall review the independence of the Independent Directors considering information relevant to this assessment as disclosed by each of the Directors and shall include this information in the Annual Report of the Company.
- 10.3 The Board may engage independent experts at least once in 3 years to facilitate an objective and candid Board evaluation.

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11. DIRECTORS TRAINING AND CONTINUOUS EDUCATION

- 11.1 Onboarding programmes are to be conducted for newly appointed Directors as soon as possible after they have been appointed, which includes management and operations orientation briefings by the Senior Management. All new Directors are required to attend the Mandatory Accreditation Programme (“MAP”) as required by Bursa Securities.
- 11.2 In addition to the MAP, the Directors are also obligated to continue to update their knowledge and enhance their skills through appropriate continuing education programmes and life-long learning. This will enable Directors to effectively discharge their duties and sustain active participation during Board deliberations.
- 11.3 The Board assisted by the Co-Sec shall evaluate and determine the training needs of the Directors on an on-going basis by determining areas that would best strengthen their contribution to the Board.

12 INVESTOR RELATIONS AND STAKEHOLDER COMMUNICATIONS

- 12.1 Each Director can seek any information that he/she requires and has full and unrestricted access to information of the Group’s businesses, whether as a full Board or in their individual capacities. In furtherance of their duties, they also have direct and unrestricted access to Senior Management and the Company Secretary. The Board has the authority to conduct or direct any investigation required to fulfil its responsibilities and if required, in furtherance of Directors’ duties, the Board is entitled to engage such legal, governance, accounting/financial, tax or other independent professional advisers, consultants or experts as it considers necessary from time to time, at the expense of the Company.
- 12.2 Further, the Board places great importance in promoting effective communication and proactive engagements with stakeholders. The continuous communications between the Company and stakeholders helps to foster mutual understanding and a better understanding of each other’s objectives and expectations.

13 CODE OF CONDUCT AND WORK ETHICS

- 13.1 The Board expects the Company to conduct its affairs with the highest ethical standards and expect the Board and employees are expected to behave ethically and professionally at all times, protecting and promoting the reputation and performance of the Company.

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13.2 The group communicates the Code of Conduct and Work Ethics to all the Board and employees upon their appointment/employment and is deemed part of their terms of conditions of service.

13.3 The Code of Conduct and Work Ethics of the Company will continue to guide the Board and employees throughout this process.

14 DEALING IN SECURITIES

14.1 The Board has established a Group procedures for dealings in securities. This procedure provides guidance to Directors and principal officers of the Company when dealing in securities of the Company.

14.2 The procedure on dealings in securities will guide Directors and principal officers of the Company to comply with their obligations in respect of insider dealings trading laws in Malaysia and to meet their disclosure obligations under the AMLR, the Act and the Capital Market and Services Act 2007.

15 CONFLICTS OF INTERESTS

15.1 The Board shall establish a guide on conflicts of interests which shall be applicable to all Directors and principal officers of the Company.

15.2 This is to ensure that proper processes and procedures are adhered to and undertaken by the Board and principal officers in respect of circumstances which could give rise to conflicts of interests including circumstances which arising from such interest could entail the entry by the Group into related party transactions (as defined in the AMLR).

16 CONFIDENTIALITY

16.1 All information and documentation received by the Board from the Group shall be treated as confidential, unless otherwise expressly decided by the Board. All Directors are responsible for ensuring that any material information received is properly protected and remains confidential.

16.2 If any information shall be provided to third parties, this shall be provided by the Chairman or the CEO if so agreed with the Chair.

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16.3 The confidentiality obligation shall continue to apply after the Director has ceased to be a Board Member. The Director shall return or destroy all written materials relating to the Group upon cessation of the Board membership.

17 **REVIEW OF THE BOARD CHARTER**

17.1 The Board will review and update the Charter periodically taking into consideration changes in the laws and MCCG issued by the relevant regulatory authorities and having regard to their spirit intention and purpose rather than a strict adherence to the letter that may have an impact on the discharge of the Board's responsibilities.

The Board Charter was approved and adopted by the Board of EVD Berhad on 18.08.2022.