



HSS ENGINEERS BERHAD
Registration No. 201501003232 (1128564-U)

BOARD CHARTER

1. PREAMBLE

The Board of Directors of the Company (“**Board**”) regards corporate governance as vitally important to the success of the Company and its subsidiaries (hereinafter referred to as the “**Group**”) and are unreservedly committed in ensuring that the following principles of good governance are practised in all of its business dealings in respect of its shareholders and relevant stakeholders:

- The Board is the focal point of the Group’s corporate governance system. It is ultimately accountable and responsible for the performance and affairs of the Group.
- All Board members are expected to act in a professional manner, thereby upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.
- All Board members are responsible in ensuring the Group achieves a high level of good governance.
- This Board Charter shall constitute and form an integral part of each Director’s duties and responsibilities.

The Board Charter serves as a reference point for Board activities and should not be construed as a blueprint for Board operations. Just as each organisation has its own corporate culture, the dynamics of each Board is unique. The dynamics shift as the composition of the Board changes, and the Directors of the Company should always be open to new opportunities and ready to confront new challenges brought about by change.

This Board Charter aims to promote high standards of corporate governance and is designed to provide guidance and clarity for Directors and the Group’s management team (“**Management**”) with regard to the role of the Board and its Committees, the requirements of Directors in carrying out their stewardship role and in discharging their duties towards the Company as well as the Board’s operating practices. This Board Charter does not overrule or pre-empt the statutory requirements of Directors enshrined in the Companies Act 2016 (“**CA**”), the Income Tax Act 1967 and other relevant statutes, including the conduct of the Board as stipulated in the Company’s Constitution. To the extent of any conflict between the terms of this Board Charter and the Constitution, the Constitution shall prevail.

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2. OBJECTIVES

The objectives of this Board Charter are to ensure that all Board members are aware of their duties and responsibilities as Board members and the various legislations and regulations affecting their conduct and that the principles and practices of good corporate governance are applied in all their dealings in respect, and on behalf of, the Group.

In pursuit of the ideals in this Board Charter, the intention is to exceed "minimum legal requirements" with due consideration to recognised standards of best practices locally and internationally.

3. THE BOARD

3.1 Role

3.1.1 The Board is charged with leading and managing the Group in an effective and responsible manner. Each Director has a legal duty to act in good faith, to use reasonable care, skill and diligence and to act in the best interest of the Group as well as avoiding conflict of interest with the Company in a personal or professional capacity.

3.1.2 Each director is also expected not to misuse the information obtained from the capacity as a Director or to misuse the position as a Director. The Directors, collectively and individually, are aware of their responsibilities to shareholders and stakeholders for the manner in which the affairs of the Group are managed. The Board sets the Group's values and standards and ensures that its obligations to its shareholders and stakeholders are understood and met.

3.1.3 The Board is fully committed to developing and maintaining high standards of corporate governance by implementing the prescriptions of the principles and best practices stated in the Malaysian Code on Corporate Governance 2021 ("**MCCG**"). Good governance holds the Management accountable to the Board and the Board accountable to the owners and other stakeholders. The Board's fundamental approach in this regard is to ensure that the right executive leadership, strategy and internal controls for risk management are well in place. The Board provides an overview of the application of the Principles set out in the MCCG in the Company's annual report pursuant to Paragraph 15.25 of the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**").

3.1.4 The Non-executive Directors are encouraged to meet among themselves at least once a year to discuss among other strategic, governance and operational issues.

3.1.5 The Board ensures that the Company complies with the various guidelines issued by Bursa Securities and the Securities Commission Malaysia relating to disclosure and internal audit functions.

3.1.6 Duties of the Board include establishing the corporate vision and mission of the Company, establishing its objectives and developing the strategies that direct the ongoing activities of the Company to achieve these objectives as well as the philosophy of the Company, setting the aims of the Management and monitoring the performance of the Management. The Board shall also determine the future of the

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Company and shall protect its assets and reputation.

3.1.7 The Board assumes the following **duties and responsibilities**:

- a) Together with the Management, promote good corporate governance culture within the Company which reinforces ethical, prudent and professional behaviour;
- b) Review, challenge and decide on the Management's proposals for the Company and monitor its implementation by the Management;
- c) Ensure that that the strategic plan of the Company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- d) Supervise and assess the Management's performance to determine whether the business is being properly managed;
- e) Ensure there is a sound framework for internal controls and risk management;
- f) Understand the principal risks of the Company's business and recognise that business decisions involve the taking of appropriate risks;
- g) Set the risk appetite within which the Board expects the Management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
- h) Ensure the Management of the Company has the necessary skills and experience, and there are measures in place to provide for the orderly succession of board and the Management of the Company;
- i) Ensure the Company has in place procedures to enable effective communication with stakeholders; and
- j) Ensure the integrity of the Company's financial and non-financial reporting;

3.1.8 The Board reserves **full decision-making powers** on the following matters:

- a) Conflict of interest issues relating to a substantial shareholder or a Director including approving related party transactions or determining the appropriate course of action to take on conflict of interest matters;
- b) Material acquisitions and disposition of assets not in the ordinary course of business including significant capital expenditures;
- c) Strategic investments, mergers and acquisitions and corporate exercises;
- d) Limits of authority;

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- e) Treasury policies;
- f) Risk management policies;
- g) Key human resource issues;
- h) Appointment of auditors and review of the financial statements;
- i) Financing and borrowing activities;
- j) Ensuring regulatory compliance; and
- k) Reviewing the adequacy and integrity of internal controls.

3.1.9 The **responsibilities** of the Directors include:

- a) To provide leadership and oversee the overall conduct of the Group's businesses to ensure that the Group's businesses are being properly managed;
- b) To review and adopt strategic plans for the Group and to ensure that such strategic plans and the risk, performance and sustainability thereon are effectively integrated and appropriately balanced;
- c) To establish an effective risk management and internal control framework and promote governance best practices in relation to risk management, legal and compliance management and internal control systems to safeguard the Group's reputation, employees and assets and to ensure compliance with applicable laws and regulations;
- d) To promote ethical business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness;
- e) To ensure that our Company has effective Board Committees as required by the applicable laws, regulations, rules, directives and guidelines and as recommended by the MCCG;
- f) To review and approve the Group's annual operating plans / budgets, financial statements and annual reports;
- g) To monitor the relationship between the Group and the Management, shareholders and stakeholders, and to develop and implement an investor relations programme or shareholders' communications policy for the Company;
- h) To appoint the Board Committees, to delegate powers to such committees, to review the composition, performance and effectiveness of such committees, and to review the reports prepared by the Board Committees and deliberate on the recommendations thereon;

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- i) To attend substantially all the meetings of the Board and substantially all the meetings of each Committee on which the Director serves;
- j) To provide oversight over human rights standards and sustainability matters, ensuring alignment with growth, ethics, and societal development; and
- k) To review, before attending meetings of the Board or Committees, all materials provided by the Company relating to matters to be considered at the meetings.

3.2 Composition and Board Balance

3.2.1 The Board should consist of qualified individuals with diverse skills, experiences, age, cultural backgrounds and gender. The Constitution provides a minimum of two (2) and a maximum of fifteen (15) Directors. The composition and size of the Board should be such that it facilitates the making of informed, critical decisions without limiting the level of individual participation, involvement and effectiveness.

3.2.2 At any one time, at least two (2) or one-third (1/3), whichever is higher, of the total Board members shall comprise of Independent Directors. The Independent Directors provide independent judgement, experience and objectivity without being subordinated to operational considerations.

If the number of Board members is not 3 or a multiple of 3, then the number nearest 1/3 must be used.

In the event of any vacancy in the Board, resulting in non-compliance with the above, the Board must ensure that the vacancy is filled within 3 months.

The position of Chairman and Group Chief Executive Officer ("**Group CEO**") of the Company shall be held by different individuals.

3.2.3 The tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine years, an Independent Director may continue to serve the Board subject to the Director's re-designation as a Non-Independent Director. The Board may, in exceptional cases and subject to the assessment of the Nomination and Remuneration Committee ("**NRC**") on an annual basis recommend and subject to obtaining the approval of the Company's shareholders, retain an Independent Director who has served a cumulative term of nine (9) years or more as an Independent Director of the Company by seeking shareholders' approval, where the Board provides strong justification on the recommendation in the explanatory notes to the resolution in the notice of a general meeting.

3.2.4 The Group CEO and the executive Director(s) are the "Executive" Directors on the Board. However, the views of the Management are represented at meetings of the Board by the presence of senior executives when required.

3.2.5 The Independent Directors help to ensure that the interests of all shareholders, and not only the interests of a particular fraction or group, are indeed taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board.

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The **role of Independent Directors** is to constructively challenge and help develop proposals on strategy include, inter alia:

- a) to make independent assessment of the information, reports or statements, having regard to the Directors' knowledge, experience and competence, to provide independent view and demonstrate objectivity in reviewing and challenging the management's proposals at meetings;
- b) to bring impartiality and scrutiny to Board's deliberations and decision-making and also serve to stimulate and constructively challenge the Management in an objective manner;
- c) to devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes, so as to keep abreast of industry issues, market development and trend, and enable them to sustain their active participation in board deliberations; and
- d) act as a channel of communication between the Management, shareholders and other stakeholders, and provide the relevant checks and balances, focusing on shareholders' and other stakeholders' interests and ensuring that high standards of corporate governance are applied.

3.2.6 The Board may appoint a senior Independent Director to whom shareholders' concerns can be conveyed if there are reasons that contact through the normal channels of the Chairman or the Group CEO have failed to resolve them.

The **role of Senior Independent Director** includes, amongst others:

- a) act as a sound board for the Chairman;
- b) ensure all Independent Directors have opportunity to input on the agenda, and advise the Chairman on the quality, quantity and timeliness of the information submitted by the Management that is necessary or appropriate for the Independent Directors to perform their duties effectively;
- c) consult the Chairman regarding board meeting schedules to ensure the Independent Directors can perform their duties responsibly and with sufficient time for discussion of all agenda items;
- d) serve as the principal conduit between the Independent Directors and the Chairman on sensitive issues; and
- e) serve as a designated contact for consultation and direct communication with shareholders on areas that cannot be resolved through the normal channels of contact with the Chairman or Group CEO.

3.2.7 A Director shall inform the Board's Chairman before he/she accepts any new directorships and indicate time to be spent. Each Board member must not hold directorships at more than five (5) listed issuers.

3.2.8 All Directors shall disclose and declare the nature and extent of any conflict of interest or potential conflict of interest including interest in any competing business,

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that they have with the Group.

3.3 Appointments

3.3.1 The appointment of a new Director is a matter for consideration and decision by the full Board upon appropriate recommendation from the NRC (as defined below). Further, in identifying candidates for appointment of directors, the Board does not solely rely on recommendations from existing Board members, the Management or major shareholders. The Board utilises variety of independent sources to identify suitably qualified candidates.

3.3.2 The criteria for the recruitment or appointment (including re-election/ re-appointment) of Director is guided by fit and proper assessment by the NRC based on the Terms of Reference of the NRC.

3.3.3 Without limiting the generality of the foregoing, the qualifications for Board membership are:

- a) in compliance with, from time to time, the qualifications of directors as defined under Paragraph 15.05 of the MMLR and guidance in MCCG;
- b) the ability to make informed business decisions and recommendations;
- c) an entrepreneurial talent for contributing to the creation of shareholder value;
- d) education and experience that provides knowledge of business, financial, governmental or legal matters that are relevant to the Company's business or to its status as a publicly owned company;
- e) ability to ask probing operational related questions, equipped with high ethical standards and sound practical sense;
- f) sufficient available time to be able to fulfil his or her responsibilities as a member of the Board and any of the Committees to which he or she may be appointed; and
- g) total commitment to furthering the interests of shareholders and the achievement of the Company's goals.

3.3.4 The Company Secretary has the responsibility of ensuring that relevant procedures relating to the appointments of new Directors are properly executed including facilitate the orientation for new Directors.

3.3.5 In addition to the Mandatory Accreditation Programme as required by the Bursa Securities, Board members are also encouraged to attend training programmes conducted by highly competent professionals and which are relevant to the Company's operations and business. The Board assisted by the NRC, shall on continuous basis assess, evaluate and determine the training needs of the Directors and disclose in the annual report the trainings attended by the Directors. In special circumstances, valid justifications for non-attendance at any training by Directors for the financial year shall also be disclosed.

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- 3.3.6 The tenure of the Executive Directors is tied to their executive office.
- 3.3.7 Annual assessment on the effectiveness of the Board, Board Committees and Individual Directors will be carried out with the objective to draw the attention of the Board key areas that need to be improved.
- 3.3.8 The Board shall provide a statement as to whether it supports the appointment or reappointment of the director and the reasons.

3.4 Re-election

- 3.4.1 Pursuant to the Constitution, all Directors must retire once at least every three (3) years but shall be eligible for re-election.
- 3.4.2 Directors appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the next Annual General Meeting of the Company but shall be eligible for re-election.

3.5 Duty to Disclose Interest

- 3.5.1 The Constitution stipulates that every Director who may have direct or indirect interest in any contract or proposed contract or arrangement with the Company and/or Group shall immediately declare his/her interest to the Board and shall not participate in deliberations and shall abstain himself/herself from casting his/her votes in any matter arising therefrom.
- 3.5.2 Should there be an actual, potential or perceived conflict of interest between the Company and a Director, or an associate of a Director such as a spouse, other family member, or a related company (*as defined under Section 197(1) of the CA*), the Director involved shall make full disclosure and act honestly in the best interest of the Company:
 - a) Director shall immediately inform the Audit and Risk Management Committee (“**ARMC**”) in respect of their direct and indirect interests in any businesses or corporations which carry on similar trade as that of the Group in accordance with the Conflict of Interest Policy; and
 - b) Every Director shall comply with the provisions of Sections 219 and 221 of the CA in connection with the disclosure of his shareholding and interests in the Company and his interest in any contract or proposed contract with the Company and in connection with the disclosure, every Director shall state the fact and the nature, character and extent of any office or possession of any property whereby whether directly or indirectly duties or interests might be created in conflict with his duty or interest as a Director of the Company and the interested Directors shall abstain from deliberation and voting on the resolutions relating to those matters or transactions.
- 3.5.3 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 due honesty.

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3.6 Board Processes

- 3.6.1 The Board meets at least once every quarter to facilitate the discharge of their responsibilities. Members of the Management who are not Directors may be invited to attend and speak at meetings on matters relating to their sphere of responsibility. The Board may also invite external parties such as the auditors, solicitors and consultants as and when the need arises.
- 3.6.2 Any Director may participate at a Board meeting or Committee meeting by way of telephone and video conferencing or by means of other communication equipment in which event such Director shall be deemed to be physically present at the meeting and shall be taken into account in ascertaining the presence of a quorum at the meeting.
- 3.6.3 All Directors have the same right of access to all information and Senior Management within the Group whether collectively as a Board or in their individual capacity in furtherance of their duties and responsibilities as Directors of the Company.
- 3.6.4 The Management is responsible for providing the Board with the required information in an appropriate and timely manner. If the information provided by the Management is insufficient, the Board will make further enquiries where necessary to which the persons responsible will respond as fully and promptly as possible.
- 3.6.5 The notice of each Board meeting together with the agenda and comprehensive Board papers are circulated to all Directors at least seven (7) days prior to the meeting.
- 3.6.6 All resolutions, attendance, transactions quorums and votes obtained through electronic means shall be deemed valid and effective unless it contravenes the requirements of relevant statutes and regulations.
- 3.6.7 Full Board minutes of each Board meeting are kept by the Company Secretary and are available for inspection by any Director during office hours.
- 3.6.8 If, on any matter discussed at a Board meeting, any Director holds views contrary to those of any of the other Directors, the Board minutes will clearly reflect this.
- 3.6.9 The Board as well as any Director is entitled to obtain independent professional advice relating to the affairs of the Group or to his or her responsibilities as a Director, subject to Paragraph 3.6.10 below.
- 3.6.10 If a Director considers such advice necessary for the discharge of his or her duties and responsibilities as Director and for the benefit of the Company, such Director shall obtain the Board's prior approval, and in seeking such advice, shall be required to comply with the following procedures:
- a) The request shall be made in writing to the Board;
 - b) The Director concerned shall prepare a detailed paper to be submitted to the Board, highlighting inter alia the purpose behind the request and the estimated costs for the advice; and

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- c) The Board shall deliberate on the said paper and at its absolute discretion determine if the Director concerned shall be permitted to seek independent professional advice. Should a request be denied, the Director concerned is entitled to have his or her views duly recorded.

3.6.11 The cost of the advice shall be reimbursed by the Company. The Board or the Director, as the case may be, shall ensure that so far as is practicable, the cost is reasonable.

4. CHAIRMAN, EXECUTIVE VICE CHAIRMAN AND GROUP CEO

The Company aims to ensure a balance of power and authority between the Chairman, Executive Vice Chairman and the Group CEO with a clear division of responsibility between the running of the Board and the Company's business respectively. The positions of Chairman, Executive Vice Chairman and Group CEO are separated and clearly defined.

4.1 Chairman

4.1.1 The Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of its role. The Chairman is responsible for:

- a) leading the Board in setting the values and standards of the Group;
- b) the balance of membership, subject to Board and shareholders' approval;
- c) maintaining a relationship of trust with and between the executive and non-executive Directors;
- d) setting the board agenda and ensuring the provision of accurate, timely, complete and clear information to Directors;
- e) leading board meetings and discussions;
- f) ensuring appropriate steps are taken to provide effective communication with shareholders and relevant stakeholders and their views are communicated to the Board as a whole;
- g) encouraging active participation and allowing dissenting views to be freely expressed;
- h) arranging regular evaluation of the performance of the Board, its Committees and individual Directors;
- i) facilitating the effective contribution of non-executive Directors and ensuring constructive relationship be maintained between executive and non-executive Directors;
- j) managing the interface between the Board and the Management;
- k) leading the Board on its succession planning program for Board level;

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- l) ensuring the meeting materials be circulated within a reasonable period prior to the meeting; and
- m) leading the Board in establishing and monitoring good corporate governance practices in the Company;
- n) ensure that general meetings support meaningful engagement between the Board, Management and shareholders. The engagement should be interactive and include robust discussion on among others the Company's financial and non-financial performance as well as the Company's long-term strategies.

4.1.2 The Chairman will have no casting vote if two (2) Directors form a quorum at a particular meeting, or if there are only two (2) Directors competent to vote on the question at issue.

4.2 Executive Vice Chairman

4.2.1 The Executive Vice Chairman shall assist the Chairman in performing the latter's duties and responsibilities. During the period when the Chairman is absent and the normal functions of the Chairman cannot be carried out, the Executive Vice Chairman will take the role as the acting Chairman.

4.2.2 The Executive Vice Chairman will also assume the following responsibilities:

- a) Reviewing the corporate vision and mission of the Company;
- b) Reviewing and monitoring the strategic plans of the Company;
- c) Ensuring the Company's strategies promote sustainability and growth;
- d) To provide leadership and oversight to the overall conduct of the Company's businesses to ensure it is being properly managed;
- e) To lead and provide direction on business development;
- f) To lead and make appropriate recommendations to the board on proposed strategic investments, mergers and acquisitions and corporate exercises;
- g) To lead the investors relations and shareholders communication programme to ensure effective communication with all stakeholders;
- h) To make recommendations on the succession planning program at the board level and;
- i) Be the official spokesman for the Company and responsible for regulatory, governmental and business relationships.

4.3 Group CEO

4.3.1 The Group CEO is the conduit between the Board and the Management in ensuring the success of the Group's governance and management functions.

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- 4.3.2 The Group CEO has the executive responsibility for the day-to-day operation of the Company's business.
- 4.3.3 The Group CEO is to develop a succession plan for the Management of the Company.
- 4.3.4 All Board authorities conferred on the Management is delegated through the Group CEO and this will be considered as the Group CEO's authority and accountability as far as the Board is concerned.
- 4.3.5 The Group CEO is responsible to the Board for the following under the delegated authority from the Board subject to internal controls implemented within the Company, including but not limited to the Company's Limits of Authority and the Group CEO's terms of employment:
- a) executive management of the Group's business covering, inter alia, the development and monitoring of a strategic plan; an annual operating plan and budget; performance benchmarks to gauge Management performance against and the analysis of management reports;
 - b) effectively overseeing the human resources of the Company with respect to key positions in the Company, reviewing and proposing the remuneration of the Company's management to NRC as well as terms and conditions of employment for the Company's management and issues pertaining to discipline;
 - c) implements the policies and decisions adopted by the Board and monitors the Company's operating and financial results against plans and budgets;
 - d) develops and ensures effective risk management system and internal control process at the Company;
 - e) ensures the effective communication with shareholders and relevant stakeholders;
 - f) be the official spokesman for the Company and responsible for regulatory, governmental and business relationships;
 - g) assessing business opportunities which are of potential benefit to the Company;
 - h) maintaining and facilitating a positive working environment and good employee relations;
 - i) promoting a high degree of corporate governance and ethics across the Group; and
 - j) assisting the Chairman and Executive Vice Chairman in organising information necessary for the Board to deal with the agenda and for providing this information to Directors on a timely basis.

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5. BOARD COMMITTEES

The Board appoints the following Board Committees:

- ARMC
- NRC

Independent and non-executive Directors play a leading role in these Committees. The Management and third parties are co-opted to the Committees as and when required. Details of the memberships of the ARMC and NRC appointed by the Board are published in the annual report whereas the terms of reference of the ARMC, and NRC are published on the Company's website.

5.1 ARMC

The ARMC assists and supports the Board's responsibility of overseeing the Group's operations by providing a means for review and monitoring of the integrity of the Group's financial reporting process, its management of risk and internal control system, its audit process as well as compliance with legal and regulatory matters, its own code of business conduct, conflict of interest disclosures, related party transaction disclosures and such other matters that may be specifically delegated to the ARMC by the Board from time to time.

5.2 NRC

The NRC oversees matters related to the nomination and election 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. The NRC also responsible for recommending to the Board the remuneration policies, principles and framework for the Company's Directors and Management.

5.3 The Committees shall operate under their respective terms of reference. The Committees are authorised by the Board to deal with and to deliberate on matters delegated to them within their terms of reference. The Chairman of the respective Committees reports to the Board on the outcome of the Committee meetings and such reports or minutes will be included in the Board papers.

Although the Board has granted discretionary authority to these Committees to deliberate and decide on certain operational matters as set out in their respective terms of reference, the ultimate responsibility for final decision on all matters lies with the Board.

6. REMUNERATION LEVELS OF DIRECTORS AND SENIOR MANAGEMENT

6.1 The Company aims to set remuneration at levels which are sufficient to attract and retain the Directors and senior management needed to run the Company successfully, taking into consideration all relevant factors including the demands, complexities and performance of the Company as well as skills and experience required, but without paying more than is necessary to achieve this goal.

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6.2 The level of remuneration for the Group CEO, Executive Director and senior management of the Company is recommended by the NRC to the Board after giving due consideration to the compensation levels for comparable positions among other similar Malaysian public listed companies.

In fixing the remuneration to be paid to Directors who are not employees of the Group for serving on the Board and on Committees of the Board, the Board will consider the following:

- a) The compensation that is paid to Directors of other companies which are comparable in size to the Group and complexity of the group's business.
- b) The amount of time Directors will be required to devote in preparing for and attending meetings of the Board and the Committees on which they serve.
- c) The success of the Company (which may be reflected in compensation related to the price of the Company's shares).
- d) If a Committee on which a Director serves undertakes a special assignment, the importance of that special assignment to the Group and its shareholders.
- e) The risks involved in serving as a Director and a member of Board Committees.
- f) The remuneration and incentives for Independent Directors do not conflict with their obligation to bring objectivity and independent judgement.

6.3 Fees payable to non-executive Directors shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover.

6.4 Salaries and other emoluments payable to Executive Directors pursuant to a service contract need not be determined by the Company in general meeting but such salaries and emoluments may not include a commission on or percentage of turnover.

6.5 There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

7. ACCOUNTABILITY AND AUDIT

7.1 Financial Reporting

7.1.1 The Board aims to present a clear and balanced assessment of the Group's financial position and future prospects that extends to the annual and quarterly reports.

7.1.2 The Board ensures that the annual and interim financial statements are prepared so as to give a true and fair view of the current financial status of the Group in accordance with the applicable approved accounting standards.

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7.1.3 The Group's practice is to announce to Bursa Securities its quarterly financial results as early as possible within two (2) months after the end of each quarterly financial period.

7.1.4 The auditors' report shall contain a statement from the auditors explaining their responsibility in forming an independent opinion, based on their audit, of the financial statements.

7.2 Company Auditors

7.2.1 The Board has established formal and transparent arrangements for considering how financial reporting and internal control principles will be applied and for maintaining an appropriate relationship with the Company auditors through the ARMC.

7.2.2 The ARMC also keeps under review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the Company auditors. The ARMC ensures that the Company auditors do not supply a substantial volume of non-audit services to the Company and any practice that departs from this has to be disclosed in the ARMC Report - *further details can be found in the ARMC Terms of Reference*.

7.2.3 Appointment of the Company auditors is subject to approval of shareholders at general meeting. The Company auditors have to retire during the AGM every year and be re-appointed by shareholders for the ensuing year.

7.3 Internal Controls and Risk Management

7.3.1 The Board has overall responsibility of maintaining a system of internal controls, which provides reasonable assurance of effective and efficient operations and compliance with laws and regulations as well as with internal policies and procedures.

7.3.2 The Company has a well-resourced internal audit function (provided by a reputable external service provider), which critically reviews all aspects of the Company's activities and its internal controls and provide advisory support or advice on strategy of the Company. Comprehensive audits of the practices, procedures, expenditure and internal controls of all business and support units and subsidiaries are undertaken on a regular basis. The internal audit function shall function independently and has direct access to the Board through the Chairman of the ARMC.

7.3.3 The Board ensures the system of internal controls and enterprise risk management are reviewed on a regular basis by the ARMC.

7.3.4 The ARMC receives reports regarding the outcome of such reviews on a regular basis.

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8. GENERAL MEETINGS

8.1 Annual General Meeting (“AGM”)

- 8.1.1 The Company regards the AGM as an important event in the corporate calendar of which all Directors and Management of the Company should attend.
- 8.1.2 The Company regards the AGM as the principal forum for dialogue with shareholders and aims to ensure that the AGM provides an important opportunity for effective communication with, and constructive feedback from, the Company's shareholders.
- 8.1.3 The Chairman encourages active participation by the shareholders during the AGM.
- 8.1.4 The Chairman and, where appropriate, the Group CEO and/or the Executive Directors responds to shareholders' queries during the meeting.
- 8.1.5 The Board will focus its efforts on the following best practices to enhance the effectiveness of the general meeting:
- a) ensure that each item of special business included in the notice to be accompanied by a full explanation of the effects of the proposed resolution;
 - b) for election and re-election of Directors, ensures that the notice of meeting state which Directors are standing for election with a brief description to include matters such as age, relevant experience, list of directorships, date of appointment to the Board, details of participation in board committee and the fact that a particular Director is independent;
 - c) ensure that the Chairman provides reasonable time for discussion at the meeting. Where appropriate and if required, the Chairman will also undertake to provide written answer to any significant question which cannot be answered immediately;
 - d) conduct a business presentation with a question and answer session, where appropriate and if required; and
 - e) ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the Board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders.

8.2 Extraordinary General Meeting (“EGM”)

- 8.2.1 The Directors will consider requisitions by shareholders to convene an EGM or any other urgent matters requiring immediate attention of the Company.

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9. INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION

- 9.1 The Board shall ensure compliance with the corporate disclosure framework under the MMLR and be guided by the Corporate Disclosure Guide issued by Bursa Securities to provide timely and material information of the Company to its shareholders and stakeholders.
- 9.2 The Board ensures the timely release of financial results on a quarterly basis to provide shareholders and analysts with an overview of the Group's performance and operations in addition to the various announcements made during the year.
- 9.3 A press conference may be held after each general meeting. At this press conference, the Chairman and/or Executive Vice Chairman and/or Group CEO and/or Executive Director will give a media briefing explaining the Group's results, prospects and outline any specific event for notation. All press releases by the Company will be vetted by the Executive Vice Chairman and Group CEO to ensure that information that has yet to be released to Bursa Securities is not released to the press.
- 9.4 The Group's website, www.hssgroup.com.my, provides easy access to corporate information pertaining to the Group and its activities and is continuously updated.

10. GIFT, HOSPITALITY AND DONATION POLICY

Gift, Hospitality and Donation Policy provides governance to Directors, officers and employees to make clear and consistent decisions regarding the acceptance or refusal of gifts, hospitality and donations.

11. WHISTLE-BLOWER POLICY

To enhance corporate governance practices across the Group, a whistle-blower policy was adopted which provides Directors, officers, employees and stakeholders of the Group with an avenue to report suspected improprieties such as illegal or unlawful conduct, contravention of the Group's policies and procedures, acts endangering the health or safety of any individual, public or employee, and any act of concealment of improprieties. The aim of this policy is to encourage the reporting of such matters in good faith, with the confidence that the person filing the report, to the extent possible, be protected from reprisal, victimisation, harassment or subsequent discrimination.

12. ANTI-BRIBERY POLICY

The Board has adopted the Anti-Bribery Policy which set out the parameters to prevent the occurrence of bribery and corrupt practices in relation to the Group's businesses.

13. CODE OF ETHICS

The Company has adopted a Code of Ethics of Directors to enhance its standard of corporate governance and corporate behavior.

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14. RELATIONSHIP WITH STAKEHOLDERS

- 14.1 In the course of pursuing the vision and mission of the Group, the Board recognises that no business organisation can exist by maximising shareholders value alone. In this regard, the needs and interests of other stakeholders are also taken into consideration.
- 14.2 The Board is responsible for:
- a) ensuring the Group's strategies promote sustainability;
 - b) ensuring the rights of other stakeholders are not compromised;
 - c) ensuring effective communication not just with shareholders, but with all stakeholders; and
 - e) establishing and maintaining environmental, employment and occupational health and safety policies.

15. COMPANY SECRETARY

- 15.1 The appointment and removal of the Company Secretary is a matter for the Board as a whole. The Board recognises the fact that the Company Secretary should be suitably qualified and capable of carrying out the duties required of the post.
- 15.2 The key role of the Company Secretary is to provide unhindered advice and services for the Directors as and when the need arises, to enhance the effective functioning of the Board and to ensure regulatory compliance.
- 15.3 Other primary responsibilities of the Company Secretary shall include:
- a) advising the Board on matters related to corporate governance and the MMLR to meet the Board's needs and stakeholders' expectations;
 - b) ensuring that Board procedures and applicable rules are observed;
 - c) maintaining records of the Board and ensuring effective management of the Company's statutory records;
 - d) preparing comprehensive minutes to document Board proceedings and ensuring conclusions are accurately recorded;
 - e) assisting the communications between the Board and the Management;
 - f) providing full access and services to the Board and carrying out other functions deemed appropriate by the Board from time to time;
 - g) preparing agendas and co-ordinating the preparation of the Board papers; and
 - h) facilitate the orientation of new directors and assist in director training and development.

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16. ANNUAL PERFORMANCE EVALUATION OF THE BOARD, BOARD COMMITTEES AND INDIVIDUAL DIRECTORS

The Board, through the NRC, will conduct an annual self-evaluation on its effectiveness as a whole, each individual Director and the different Committees established by the Board.

17. REVIEW OF BOARD CHARTER

This Charter shall be periodically reviewed and updated based on the prevailing regulatory promulgations. This Charter may be amended by the Board as it deems appropriate.

(Reviewed and approved by the Board of Directors on 27 February 2024)