

BOARD CHARTER

OVERVIEW

The Board of Directors (“Board”) of Ecofirst Consolidated Bhd (“the Company”) is committed towards ensuring good corporate governance practices are implemented and maintained throughout the Company and its subsidiaries (“the Group”) as a fundamental part of discharging its duties to enhance shareholders’ value consistent with the principles and best practices set out in the Malaysian Code on Corporate Governance (“MCCG”).

The Board is in charge of leading and managing the Company in an effective and responsible manner. Each Director has a legal duty to act in the best interest of the Company. 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. 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.

This Board Charter sets out the composition and balance, roles and responsibilities, 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.

1. COMPOSITION AND BALANCE OF THE BOARD

1.1 Size and Composition

The Group is led and managed by an effective and experienced Board comprising members with a wide range of experience and qualification. The Board focuses mainly on strategies, financial performance and critical business decisions.

The size, composition and diversity of the Board shall be reviewed and determined by the Board, with the assistance of the Nominating Committee, from time to time to reflect the Company’s requirements and to facilitate effective decision-making.

The Constitution of the Company provides that until otherwise determined by general meeting, the number of directors shall not be less than two (2) nor more than nine (9). At any one time, at least two (2) or one-third (1/3), whichever is higher, of the Board members are Independent Directors.

With regard to gender diversity, the Board shall comprise at least one (1) woman director.

1.2 Nomination and Appointments

The Board shall consider and decide on the appointment of new Director of the Company upon review and recommendation from the Nominating Committee, guided by the selection and assessment criteria as set out in the Directors' Fit and Proper Policy. The Nominating Committee upon considering a proposed candidate's skill and experience will make a recommendation to the Board. All appointments of new Directors are made after prior consultation amongst the existing Directors. The Company Secretary will ensure that all appointments are properly made and that all legal and regulatory obligations are satisfied and complied.

Directors are expected to commit sufficient time to perform such duties and responsibilities as expected from them. No Director shall sit on the boards of more than five (5) listed issuers. All Board members shall notify the Chairman of the Board before accepting any new Directorship in other companies. The notification shall include an indication of time that will be spent on the new appointment. The Chairman shall also notify the Board if he has any new Directorship or significant commitments outside the Company.

1.3 Re-election

In accordance with the Company's Constitution, at the annual general meeting 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) with a minimum of one (1) shall retire from office and be eligible for re-election. All Directors including the Managing Director (if any) shall retire from office at least once in every three (3) years but shall be eligible for re-election. Directors who are appointed by the Board in the course of the year shall be subject to re-election at the next AGM to be held following their appointment.

1.4 Independence

The presence of Independent Non-Executive Directors ensures that views, consideration, judgment and discretion exercised by the Board in decision making remains objective and independent whilst assuring the interest of other parties such as minority shareholders are fully addressed and adequately protected as well as being accorded with due consideration.

The Board shall appoint a Senior Independent Director who will also attend to any query or concern raised by shareholders.

1.5 Tenure of Independent Director

The tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve the Board as a Non-Independent Director. The Board may recommend and subject to obtaining the approval of the Company's shareholders annually, through a two-tier voting process, retain an Independent Director who has served a cumulative term of nine (9) years.

Any Independent Director who served more than twelve (12) years must be redesignated as Non-Independent Non-Executive Director or resign.

1.6 Evaluation of the Directors and the Board as a whole

The Board recognizes the importance of assessing the effectiveness of individual Directors, the Board as a whole and its Committees. The Nominating Committee is given the task to review and evaluate the individual Director's performance and the effectiveness of the Board and the Board's Committees on an annual basis. In assessing suitability of candidates, consideration will be given to the competencies, commitment, contribution and performance, guided by the selection and assessment criteria as set out in the Directors' Fit and Proper Policy.

The Nominating Committee is required to report annually to the Board an assessment of the Board's and its committees' performance. This will be discussed with the full Board. Every year, the Nominating Committee will evaluate each individual Director's contribution to the effectiveness of the Board and the relevant Board committees.

2. ROLES AND RESPONSIBILITIES

2.1 Board Responsibilities

The Chief Executive Officer and Executive Director have the responsibility to manage the day-to-day operations of the business, implementation of Board policies and making strategic decisions for the expansion of the business. The Non-Executive Directors contribute their expertise and experience to give independent judgment to the Board on issues of strategy, performance and resources, including major policies, key directions and standards of conduct.

The stewardship responsibilities and duties of the Board focuses principally on strategies, financial performance and critical business decisions that may include the following:-

- i. Overseeing and evaluating the conduct and sustainability of the businesses of the Group.
- ii. Reviewing and adopting the overall strategic direction, business plans, annual budgets of the Group, including major capital commitments.
- iii. Establishing key performance indicators and succession plan.
- iv. Reviewing and approving of new ventures, major acquisitions and disposal of undertakings and properties.
- v. Identifying principal risks and ensuring implementation of appropriate systems to manage these risks.

- vi. Reviewing the adequacy and integrity of the Group's internal control systems and management information systems.
- vii. Overseeing the development and implementation of the shareholder communication policy for the Company.

The Directors are required to declare their direct and indirect interests in the Company and related companies. The Directors are also responsible to declare whether they and/or any person(s) connected to them have any potential conflict of interest in any transaction and/or in any contract with the Company and/or any of its related companies. Any Director who has an interest in any related party transaction shall abstain from the Board deliberation and voting and shall ensure that he or she and person(s) connected to him or she will abstain from voting on the related resolution.

2.2 Accountability and Audit

i. Financial Reporting

The Board has overall responsibility for the quality and completeness of the financial statements of the Company and the Group, both quarterly and year-end, and has a duty to ensure that those financial statements are prepared based on appropriate and consistently applied accounting policies, supported by reasonably prudent judgment and estimates and in accordance to the applicable financial reporting standards.

The Audit Committee plays a crucial role in assisting the Board to scrutinize the information for disclosure to shareholders to ensure material accuracy, adequacy and timeliness.

ii. Internal Control and Risk Management

The Board affirms its overall responsibility for the Group's system of internal controls, risk management and reviewing the adequacy and integrity of these systems.

Risk management forms an integral part of the Group's business operations. The process of identifying, evaluating, monitoring and managing significant risks is embedded in the various work processes and procedures of the respective operational functions and management team. Any significant issues and controls implemented were discussed at regular operations and management meetings.

Management is responsible for implementing the processes for identifying, evaluating, monitoring and reporting of risks and internal control, taking appropriate and timely corrective actions as needed, and for providing assurance to the Board that the processes have been carried out.

The Audit Committee has been entrusted by the Board to ensure effectiveness of the Group's internal control systems. The activities of the outsourced Internal Auditors are reported regularly to the Audit Committee which provides the Board with the required assurance in relation to the adequacy and integrity of the Group's system of internal controls.

Recognizing that the internal control system must continuously improve to meet the challenging business environment, the Board will continue to take appropriate action plans to strengthen the Group's internal control system.

iii. Clearly Defined Authority Limits

The responsibilities and authority limits of the various committees, the Chief Executive Officer, Executive Directors and other senior management staff of the Group are clearly defined to achieve an effective check and balance, promote accountability, transparency, responsibility, operational efficiency and good corporate governance. The responsibilities and authority limits are formally documented in a group authority manual.

iv. Relationship with Auditors

The Group has established a transparent and appropriate relationship with the Internal Auditors and External Auditors. Such relationship allows the Group to seek professional advice on matters relating to compliance and corporate governance. The internal audit function of the Group is outsourced to a third party. Similar to the External Auditors, Internal Auditors too have direct reporting access to the Audit Committee to ensure that issues highlighted are addressed independently, objectively and impartially without any undue influence of the management.

2.3 Responsibilities of the Chairman and Chief Executive Officer ("CEO")

The Board ensures that the Chairman is a non-executive member of the Board. There is a clear division of responsibilities between the CEO and the Chairman to ensure a proper balance of power and authority. The former leads the management of the Company and has overall responsibility for the operating units and the implementation of the Board's policies and decisions, whilst the latter is responsible for the orderly conduct and effectiveness of the Board in addition to facilitate constructive deliberation of matters in hand.

The responsibilities of the Chairman, amongst others, are as follows:

- i. To provide leadership to the Board.
- ii. To oversee the effective discharge of the Board's supervisory role.

- iii. To facilitate the effective contribution of all Directors.
- iv. To ensure that quality information to facilitate decision-making is delivered to the Board on timely manner.
- v. To ensure Board Meetings and General Meetings are in compliance with good conduct and best practices.
- vi. To promote constructive and respectful relations between Board members and between the Board and the Management.
- vii. To conduct and chair Board Meetings and General Meetings of the Company.
- viii. To brief all the Directors in relation to issues arising at Meetings.

The responsibilities of the CEO, amongst others, are as follows:

- i. To develop and implement strategic business direction, plans and policies of the Group.
- ii. To ensure the efficiency and effectiveness of the Group's operations.
- iii. To supervise heads of divisions and departments who are responsible for all functions contributing to the success of the Group.
- iv. To oversee the day-to-day management of the Group with all powers, discretions and delegations authorized, from time to time, by the Board.
- v. To assess business opportunities which are of potential benefit to the Group.
- vi. To bring material matters to the attention of the Board in an accurate and timely manner.

2.4 Board Committees

The Board may from time to time establish Committees as is considered appropriate to assist in carrying out its duties and responsibilities. The Board delegates certain functions to the following Committees to assist in the execution of its responsibilities.

- i. Audit Committee
- ii. Nominating Committee
- iii. Remuneration Committee

The Committees shall operate under clearly defined Terms of Reference. The Committees are authorized by the Board to deal with and to deliberate on matters delegated to them within their terms of reference.

2.5 Company Secretary

The Board appoints the Company Secretary, who plays an important advisory role, and ensures that the Company Secretary fulfils the functions for which he/she has been appointed.

The Company Secretary is a central source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company.

The appointment and removal of the Company Secretary is a matter for the Board as a whole. The Board recognizes the fact that the Company Secretary should be suitably qualified and capable of carrying out the duties required.

All Board Members, particularly the Chairman, have unrestricted access to the advice and services of the Company Secretary for the purposes of the Board's affairs and the business.

3. BOARD PROCESSES

3.1 Board Meetings

The Board meets at least four (4) times a year, with additional meetings to be convened whenever necessary. Prior to the Board Meeting, the agenda and a set of Board papers relevant to the business of the meeting are circulated to all Directors on a timely basis for Directors to study and evaluate the matters to be discussed. Urgent papers may be presented and tabled at the meetings under supplemental agenda.

Senior Management and relevant external consultants are invited to attend the Board meetings to brief and provide details on matters relating to their areas of responsibilities and also to provide details to the Directors on recommendations or reports submitted to the Board for deliberation and consideration.

Minutes of Board meetings together with decisions made by way of resolution passed are duly recorded and properly kept by the Company Secretary.

3.2 Directors' Training

In addition to the Mandatory Accreditation Programme as required by Bursa Malaysia Securities Berhad, the Directors are encouraged to attend relevant seminars and training programmes to equip themselves with the knowledge to effectively discharge their duties as Directors. The Board will assess the training needs of the Directors and ensure Directors have access to continuing education programme. The Board shall disclose in the Annual Report the trainings attended by the Directors.

3.3 Directors' Remuneration

The Board through Remuneration Committee establishes formal and transparent remuneration policies and procedures to attract and retain Directors.

The Board will determine the level of remuneration of Board Members, taking into consideration the recommendations of the Remuneration Committee for executive Board Members and/or the CEO.

Non-executive Board Members will be paid a basic fee as ordinary remuneration and will be paid a sum based on their responsibilities in committees and the Board, their attendance and/or special skills and expertise they bring to the Board. The fee shall be fixed in sum and not by a commission on or percentage of profits or turnover.

3.4 Access to Information and Independent Advice

The Directors have unrestricted access to the advice and services of the Company Secretary and Senior Management staff in the Group. The Directors also have access to the internal and external auditors of the Group, without Management present to seek explanation or additional information.

The Directors, collectively or individually, may seek independent professional advice and information in the furtherance of their duties at the Company's expense, so as to ensure the Directors are able to make independent and informed decisions.

3.5 Investor Relations and Shareholder Communication

The Board values the importance of timely and equal dissemination of information on major developments of the Group to the shareholders, potential investors and the general public. Quarterly results, announcements, annual reports and circulars serve as primary means of dissemination of information so that the shareholders are constantly kept abreast on the Group's progress and developments. The Company's corporate website serves as one of the most convenient ways for shareholders and members of the public to gain access to corporate information, news and events relating to the Group.

The Board will ensure that the General Meetings of the Company are conducted in an efficient manner and serve as a mode in shareholders communication. These include the supply of comprehensive and timely information to shareholders and the encouragement of active participation at the General Meetings.

The annual general meeting remains as a principal forum used by the Company for communication with its shareholders. During the annual general meeting, shareholders are accorded time and opportunities to query the Board on the resolutions being proposed and also matters relating to the performance, developments and directions of the Group. Shareholders are also invited to convey and share their inputs with the Board.

4. INDEMNIFICATION AND DIRECTORS' AND OFFICERS' INSURANCE

In the course of discharging directors' duties, the Directors may be exposed to certain wrongful acts such as error, misstatement, misleading statement, omission, neglect or breach of duty committed or attempted or allegedly made in the course of duties. To the extent allowed by law, the Company will provide Board Members and will pay a portion of the premiums for such indemnity and insurance cover while acting in their capacities as directors. Provided always that such wrongful acts occur in good faith and not as a result of dishonesty, fraud, insider trading, malicious conduct, fines, penalties, liabilities arising from intentional breach of contract and liquidated, punitive or exemplary damages.

5. CODE OF ETHICS AND CONDUCT

The Code of Ethics and Conduct is to be observed by all Directors and employees of the Group and the core areas of conduct include the following:-

- i. Compliance at all times with the Code of Ethics and Conduct and the Board Charter.
- ii. Not to misuse information gained in the course of duties for personal gain or for political purposes.
- iii. Uphold accountability and act in good faith and in the best interests of the Company and the Group.
- iv. Observe high standards of corporate governance at all times.
- v. Adhere to the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership, including fair dealing and the ethical handling of conflicts of interest.
- vi. Ensure the protection of the Company's legitimate business interests, including corporate opportunities, assets and confidential information.
- vii. Ensure full, fair, accurate, timely and understandable disclosure.
- viii. Declaration of any personal, professional or business interests that may conflict with responsibilities.
- ix. Foster business sustainability through transparency, stakeholder engagement and proper employee development.
- x. Promote ethics and integrity where all business stakeholders who deal with the Group are encouraged to raise any concerns they may have in good faith with regard to any wrongdoing by the Group's employees. Under the Group's Internal Whistle-blowing Policy, whistleblowers are protected.

- xi. Observe the guidelines of Shareholders' Rights and Responsibilities in General Meetings which issue by the Securities Commission.

The Board will review the Code of Ethics and Conduct regularly to ensure that it continues to remain relevant and appropriate.

6. REVIEW OF THE BOARD CHARTER

The Board will review this Charter from time to time and make any necessary amendments to ensure they remain consistent with the Board's objectives, current law and practices.