

COMPLIANCE COMMITTEE

CPE TECHNOLOGY BERHAD

Registration No. 202101015732 (1416032-X)

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Terms of Reference of the Compliance Committee

(This terms of reference shall be adopted by any committee established by the Board that will undertake the compliance committee function. No representation is made in this terms of reference in relation to the type of committees that have been established/will be established by the Board)

1. CONSTITUTION

1.1 The Compliance Committee (herein after referred to as 'CCOM') is established by the Board of Directors of CPE Technology Berhad (herein after referred to as 'Board') as a steering committee. The CCOM members shall be appointed by the Board.

1.2 This CCOM shall be chaired by an Independent Non-Executive Director ("INED") and shall consist of the following members:-

- (i) 3 INEDs (inclusive of the Chairman); and
- (ii) Group Chief Financial Officer who oversees the compliance of the Malaysia operations of the Group (as defined below); and
- (iii) General Manager of Champion Precision Engineering Pte Ltd ("Champion PE") who oversees the compliance of the Singapore operations of the Group (as defined below); and
- (iv) 1 representative from independent consultant who has the relevant credentials and experience to oversee the compliance of the Malaysia operations of the Group (as defined below) with the environmental laws, regulations, rules, requirements and guidelines in Malaysia; and
- (v) 1 representative from independent consultant who has the relevant credentials and experience to oversee the compliance of the Malaysia operations of the Group (as defined below) with the workplace safety and health laws, regulations, rules, requirements and guidelines in Malaysia

1.3 The size of the CCOM shall be 7 members unless and until the Board decides otherwise.

1.4 The quorum of the CCOM shall be 5 members (at least 1 INED, and all members as stated in Sections 1.2(ii) to 1.2(v)) meeting either physically and/or online unless and until the Board decides otherwise.

1.5 The functions and authority of the CCOM shall extend to CPE Technology Berhad and every of its subsidiaries, and other forms of organisations where management control, responsibility and accountability is/are vested on CPE Technology Berhad (herein after referred to as 'the Group'). Where relevant, the functions and authority of the CCOM shall also be extended to associate companies, related companies, joint ventures and investments of CPE Technology Berhad.

2. OBJECTIVES

- 2.1 In overseeing the overall compliance of the Group (inclusive of Malaysia and Singapore entities), the CCOM is assisted by the Compliance Department established at the management level. The Compliance Department in Malaysia shall be headed by the Group Chief Financial Officer and the Compliance Department in Singapore shall be headed by the General Manager of Champion PE. The Compliance Department in the respective countries shall be reporting to the CCOM.
- 2.2 The Compliance Department shall be responsible in formulating the compliance framework and policy, and shall obtain the CCOM's feedback and approval on the same.
- 2.3 The Compliance Department's role shall include, but not limited to, identify any breaches or potential breaches of compliance obligations of the Group at an early stage. The Compliance Department shall then discuss such breaches or potential breaches with the department concerned and recommend solutions or mitigating steps to be implemented to the Compliance Committee. Thereafter, the Compliance Department shall continue to monitor and assess the said implementation as to its effectiveness against the corresponding breaches or potential breaches.
- 2.4 At all times, the Compliance Department shall keep the CCOM updated on all compliance issues and other matters as requested, queried and required by any members of the CCOM. The Compliance Department shall also provide its assessment and opinion of the overall compliance of The Group to the Board on a quarterly basis.
- 2.5 The primary functions of the CCOM are to assist the Board in all matters relating to compliance with all the laws, regulations, rules, requirements and guidelines that governing the conduct of the business of the Group, including compliance of property assets owned or rented by the Group. The CCOM is responsible for ensuring that robust processes are in place for identifying, assessing and monitoring of all matters with regard to compliance of the Group.
- 2.6 The primary objective of the CCOM is also to ensure that the compliance framework and policies of the Group are adequate in meeting all applicable laws, regulations, rules, requirements and guidelines, as well as are adequate to support the long-term strategic management and plan of the Group.

3. AUTHORITY

- 3.1 The CCOM must, in accordance with a procedure to be determined by the Board and at the cost of the Company:-
 - (a) Have explicit authority to investigate any matter within its terms of reference; and
 - (b) Have the resources which are required to perform its duties; and

- (c) Have full and unrestricted access to all information and documents which are required to perform its duties; and
- (d) Have full and unrestricted access as well as direct communication channels with the following parties:-
 - (i) Management and any of the staff of the Group; and
 - (ii) External Auditors of the Group; and
 - (iii) Internal auditors of the Group; and
 - (iv) Legal counsels of the Group; and
 - (v) Company Secretaries of the Group; and
 - (vi) Any other advisers of the Group; and
- (e) Obtain external professional advice or other advice and invite persons with relevant experience to attend its meetings, if necessary; and
- (f) Be able to convene meetings with the external auditors, the person(s) carrying out the internal audit function or activity or both, or any other parties that CCOM deem necessary, excluding the attendance of other directors and employees of the listed issuer, whenever deemed necessary.

Where the CCOM is of the view that any of the matters that are reported to the Board are not satisfactorily resolved, resulting in breach of any laws, rules, regulations, requirements and guidelines such as Listing Requirements, they shall promptly report such matters to the relevant authorities such as Bursa Securities.

- 3.2 The CCOM has the authority and power to execute the functions as stated in this Terms of Reference and report to the Board with its findings, opinion, conclusions and recommendations.
- 3.3 The CCOM has the authority and mandate to provide objective and independent views and opinions on any specific compliance matters including the overall effectiveness of the compliance framework and policy within the Group.
- 3.4 The CCOM shall, in accordance to the same authority vested in the Board, for the performance of its functions and duties on compliances, wherever fair, necessary and reasonable, Hhave full support of the compliance manager and Compliance Department. If deemed necessary and within the realms of reasonableness, have full support from any other departments/units within the Group;

4. MEMBERSHIP

- 4.1 The members of the CCOM shall be assigned Board members and any other members as the Board deems fit. The members of the CCOM shall be nominated by the Nomination Committee, and approved and appointed by the Board thereafter.
- 4.2 The CCOM shall consist of a minimum of 7 members at all times and shall comprise the INEDs and other members as stated in Section 1.2 of this terms of reference.
- 4.3 The Chairman of the CCOM shall be INED.
- 4.4 If the membership of the CCOM falls below 7 members for any reason, the Nomination committee shall nominate, and the Board shall appoint such number of new members as may be required to fulfil the minimum requirement within 3 months of that event.
- 4.5 The appointment of a CCOM member terminates when the member ceases to be a director and/or ceases to be under the employment of the Group and/or terminated its engagement with The Group, or as determined by the Board. The Board's decision under such circumstances is final.

5. FUNCTIONS AND DUTIES

5.1 The CCOM shall:-

- (a) Provide oversight, guidance and direction to the management and Compliance Department of the Group relating to compliance management, functions and processes; and
- (b) Recommend to the Board on the Group's compliance framework and policies, and any proposed changes thereto for the Board's consideration and approval; and
- (c) Ensure the integration of necessary compliance management processes into all business processes and practices of the Group by the Compliance Department of the Group; and
- (d) Deliberate, review and evaluate the relevance and effectiveness of the compliance framework and policies of the Group and recommend the necessary areas of improvement and/or the best practices to the Board; and
- (e) Review the compliance management process developed by the Compliance Department of the Group and confirm its adequacy in meeting all the applicable laws, regulations, rules, requirements and guidelines; and
- (f) Review the assessment and opinion of the Compliance Department of the Group in relation to the overall compliance of the Group with all the applicable laws, regulations, rules, requirements and guidelines on a quarterly basis and provide quarterly updates on the same to the Board thereafter; and

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- (g) Deliberate on compliance related matters of the Group; and
- (h) Review the effectiveness of internal control processes of the Group for monitoring compliance of the Group with all the applicable laws, regulations, rules, requirements and guidelines and to ensure that the internal control processes are updated continuously to reflect changes in areas which include, but not limited to, the applicable laws, regulations, rules, requirements and guidelines and operating environment of the Group; and
- (i) Review findings, issues and non-compliances highlighted by the regulatory authorities in relation to the businesses of the Group and ensure the necessary corrective actions are taken by the management and the Compliance Department of the Group to prevent recurrence of any of the issues and non-compliances; and
- (j) Review and ensure sustainability efforts of the Group are aligned to the Group's long-term environmental, social and governance strategies; and
- (k) Review and ensure the effective management of environmental, social and governance matters, which shall encompass areas relating to the synergies between the said environmental, social and governance matters with the principal businesses of the Group; and
- (l) Review and ensure sustainability compliance is integrated within key business strategies across the Group to achieve sustainability goals of the Group; and
- (m) If required, provide opinion(s) in relation to the statement(s) to be disclosed in the Company's annual report on the status of compliance of the Group based on the report(s) provided by the third party professional consultants engaged by the Company; and
- (n) Ensure all non-compliance incidents and issues are adequately investigated, the reporting of such non-compliance incidents and issues is made to appropriate parties in a timely manner and corrective measures are taken to prevent the recurrence of such non-compliance incidents and issue; and
- (o) Ensure all entities within the Group to report to the Compliance Committee on matters relation to legal and regulatory non-compliances; and
- (p) Monitor the status of the Group's compliance with its requisite legal and regulatory obligations and where necessary, shall then report to the Board, the progress of rectification plans and status of the Group's overall compliance; and
- (q) Evaluate the adequacy of tools, resources, trainings and subject matter expert for the Group to meet its compliance obligations. This includes ensuring that the staffs who are responsible for the implementation of compliance management perform their responsibilities independently; and

- (r) Ensure on-going awareness programmes, communication, training and education on compliance management; and
- (s) Promote a healthy compliance culture and behaviours that ensures the effectiveness of the compliance management; and
- (t) Consider any other matters relating to compliance management, including relevant laws, regulations, rules, requirements and guidelines which are applicable in all operating areas of the Group as referred to by the Board or by Compliance Committee by its own accord; and
- (u) Carry out such other duties or functions as may be delegated by the Board from time to time or required by the regulatory authority.

6. QUORUM AND MEETINGS PROCEDURES

- 6.1 Meetings of the CCOM shall be held at the minimum of once in every three (3) months or four (4) times in a financial year of CPE Technology Berhad.
- 6.2 Upon the request of any member of the CCOM, the Chairman of the CCOM shall convene a special meeting of the CCOM to consider any matters of concern brought up by the said member.
- 6.3 Unless and until the Board decides otherwise, the quorum for a meeting of the CCOM shall be 5 members as stated in Section 1.4 of this Terms of Reference, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and hear each other. In the absence of the Chairman, the members present shall elect an INED from amongst the members present to be chairman of the CCOM meeting.
- 6.4 The meetings of the CCOM shall be governed by the provisions as contained in the Constitution of CPE Technology Berhad for regulating the meetings and proceedings of the Directors unless otherwise provided for in this Terms of Reference.
- 6.5 Any matters to be voted upon shall be decided by a majority of the votes casted. In the case of an equality of votes, the Chairman of the CCOM meeting shall have a casting vote.
- 6.6 The CCOM may invite other Directors, Group Chief Executive Officer, any members of Management including Compliance Manager, counsels, advisers, consultants and any other parties to participate in CCOM meetings, as and when necessary. These invitees shall not be entitled to vote at such meetings or be counted as part of the quorum for any meeting of the CCOM unless he or she is a member of the CCOM.
- 6.7 The Secretary of the CCOM shall be the Company Secretary of CPE Technology Berhad or any other person (s) as the CCOM may decide. The roles of the Secretary shall include, but not limited to, the following:

- (i) Ensure that the CCOM receives information and papers in a timely manner to enable full and proper consideration to be given to issues;
- (ii) Prepare the minutes of the CCOM meetings and record the conclusions of the CCOM in discharging its duties and responsibilities;
- (iii) Circulate the minutes of the CCOM meetings promptly to all members of the CCOM and make the same available to Board members who are not members of the CCOM; and
- (iv) Ensure that the minutes of the CCOM meetings are appropriately kept and produced for inspection, if required.

6.8 The CCOM meeting agendas shall be the responsibility of the CCOM Chairman with input from the CCOM members, Board members, Compliance Department and others.

6.9 Unless a meeting is called on a short notice basis, the agenda for each meeting shall be circulated at least five (5) calendar days before each meeting to the CCOM members and all those who are required to attend the meeting.

6.10 Minutes of the CCOM meetings shall be tabled at the meeting of the Board.

6.11 The CCOM shall cause minutes to be duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the CCOM. Such minutes shall be signed by the Chairman of the CCOM meeting at which the proceedings were held, or by the Chairman of the next succeeding CCOM meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated. The minutes of the CCOM meeting shall be available to all Board members.

6.12 The CCOM, through its Chairman, shall report matters that are deliberated at CCOM meeting(s) and make the necessary recommendations (if necessary) to the Board for the Board's deliberation and decision.

6.13 A member of the CCOM shall excuse himself/herself from the meeting during discussions or deliberations of any matter which gives rise to an actual or perceived conflict of interest or potential conflict of interest situation for him/her. Where this causes a lack of quorum, the CCOM shall appoint on an ad-hoc basis, another candidate(s) who meets the membership criteria.

7. REVIEW AND EVALUATION PROCEDURES OF CCOM

The CCOM shall at least annually perform a review and an evaluation of its performance to ensure that it is meeting its responsibilities as outlined in this Terms of Reference. The review shall include, but not limited to, consideration of the following:

- (a) Frequency and timeliness of the CCOM meetings;

- (b) Adequacy and quality of information and materials provided to the CCOM;
- (c) Effectiveness of the CCOM in carrying out the duties as set out in this Terms of Reference;
- (d) Contribution of individual CCOM member;
- (e) Appropriateness and adequacy of this Terms of Reference. This would include the position description and role of CCOM Chairman; and the position description and role of each CCOM member which shall include, but not limited to, the following:-
- (f) Provide individual independent opinions to the fact-finding, analysis and decision-making process of the CCOM, based on their experience and knowledge;
- (g) Consider viewpoints from the other CCOM members; make decisions and recommendations for the best interest of the Board and the Group collectively;
- (h) Keep abreast of the latest relevant laws, regulations, rules, requirements and guidelines and corporate governance guidelines and developments on compliance management;
- (i) Continuously seek out Best Practice in terms of the compliance processes adopted by the CCOM, following which these should be discussed with the rest of the CCOM members for possible adoption.

8. REVIEW OF THE WRITTEN TERMS OF REFERENCE

- 8.1 Any amendments to this terms of reference are subject to the deliberation of the Committee, and shall be approved by the Board, if required. This terms of reference will be reviewed and updated periodically in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Committee's responsibilities.
- 8.2 The written terms of reference will be made available to the public on the Company's website.

Approved by CCOM and the Board on 8 February 2023.