



CPE Tech[®]

**TERMS OF REFERENCE OF THE
COMPLIANCE COMMITTEE**

CPE TECHNOLOGY BERHAD

Registration No. 202101015732 (1416032-X)

(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 (“CCOM”) is established by the Board of Directors of CPE Technology Berhad (“Board”) as a steering committee.
- 1.2 Members of the CCOM shall be appointed by the Board and shall comprise five (5) members of whom shall be:
 - (a) Three Independent Non-Executive Directors (“INEDs”), including the Chairman;
 - (b) The Group (as defined below) Chief Financial Officer overseeing the compliance of the Group (as defined below) in Malaysia;
 - (c) The General Manager of Champion Precision Engineering Pte Ltd (“Champion PE”) managing and overseeing the compliance of the Group in Singapore.
- 1.3 The functions and authority of the CCOM shall extend to CPE Technology Berhad and every of its subsidiaries (hereinafter referred to as ‘the Group’).

2. OBJECTIVES

- 2.1 The Compliance Committee oversees the Group’s adherence to laws, regulations, and guidelines applicable to its business operations in Malaysia and Singapore. It is supported by the Compliance Department, which formulates compliance policies, identifies potential breaches, and recommends solutions.
- 2.2 The Compliance Department in Malaysia shall be headed by the Group Chief Financial Officer and the Compliance Department in Singapore shall be the General Manager of Champion PE, which both shall be reporting to the CCOM.
- 2.3 The Compliance Department develops and monitors the Group’s compliance framework, addresses breaches, recommends solutions, and updates the CCOM on issues, providing quarterly assessments to the Board. CCOM ensures compliance with laws and regulations across operations and property assets owned or rented by the Group while ensuring the adequacy of compliance frameworks and policies to meet legal requirements and support the Group’s long-term strategic goals.

3. AUTHORITY

- 3.1 The CCOM, under procedures set by the Board and funded by the Company, has the authority to:
 - (a) Investigate any matter within its terms of reference;
 - (b) Access all necessary resources, information, and documents;
 - (c) Communicate directly and unrestrictedly with management, staff, external and

internal auditors, legal counsel, company secretaries, and other advisors;

- (d) Engage external professionals and invite experts to its meetings as needed: and
- (e) Convene meetings with auditors or other relevant parties without the presence of directors or employees when necessary.

If issues reported to the Board remain unresolved and result in regulatory breaches, the CCOM must report them to authorities like Bursa Securities.

3.2 The CCOM is empowered to execute its duties, provide independent assessments on compliance matters, and evaluate the effectiveness of compliance frameworks and policies. It has the Board's authority to seek full support from the Compliance Department and other internal units as required.

4. MEMBERSHIP

4.1 Members of the CCOM are nominated by the Nomination Committee and appointed by the Board. The committee must maintain a minimum of five members, including INEDs and other specified representatives stated in Section 1.2 of this terms of reference and the Chairman of the CCOM shall be an INED.

4.2 If the members of the CCOM for any reason are reduced to less than five (5), the Board shall based on the recommendation of the Nomination Committee, within three (3) months from the occurrence of the event, appoint such number of new members as may be required to make up the minimum number of five (5) members.

5. FUNCTIONS AND DUTIES

5.1 The CCOM shall:-

- (a) Providing oversight, guidance, and direction on compliance management processes and functions;
- (b) Recommending compliance frameworks and policies, including any changes, for Board approval;
- (c) Ensuring compliance processes are effectively integrated into business practices across the Group;
- (d) Reviewing the effectiveness of compliance policies, frameworks, and internal controls, and recommending improvements;
- (e) Monitoring compliance with applicable laws, regulations, and guidelines, and ensuring updates reflect changes in operating environments;
- (f) Addressing findings and issues raised by regulatory authorities and ensuring necessary corrective actions are implemented;

- (g) Overseeing the integration of sustainability goals, including environmental, social, and governance (ESG) strategies, into business processes;
- (h) Investigating non-compliance incidents, reporting them promptly to appropriate parties, and ensuring corrective measures are taken to prevent recurrence;
- (i) Ensuring adequate tools, resources, training, and independent implementation for compliance management staff;
- (j) Promoting a culture of compliance through ongoing awareness programs, training, and education;
- (k) Reviewing and managing additional compliance-related matters referred to by the Board or arising within its scope; and
- (l) Carrying out other functions as delegated by the Board or required by regulatory authorities.

6. QUORUM AND MEETINGS PROCEDURES

- 6.1 Meetings of the CCOM shall be held at least once every three (3) months, or four (4) times during each financial year of CPE Technology Berhad.
- 6.2 Special meetings may be called upon by any member of the CCOM.
- 6.3 The quorum for the meeting shall be three (3) members and at least two (2) must be the Independent Non-Executive Director. In the absence of the Chairman, the other members of the Committee shall amongst themselves elect a Chairman who must be an Independent Non-Executive Director to chair the meeting.
- 6.4 If any member is unable to be physically present, he/she may choose to participate by means of a conference telephone or any other audio, audio-visual, or communication equipment which allows all persons participating in the meeting to hear and speak with each other and the person shall be deemed to be present in person and shall be entitled to vote or be counted in a quorum accordingly.
- 6.5 The meetings shall be governed by CPE Technology Berhad's Constitution, unless stated otherwise provided for in this Terms of Reference.
- 6.6 Decisions are by majority vote, with the Chairman casting a tie-breaking vote.
- 6.7 Non-members may attend but cannot vote or count toward the quorum.
- 6.8 The Company Secretary, in consultation with the Chairman of the Committee and the input from members of the Committee, shall draw up the agenda of the meeting. The agenda, together with the relevant support papers, shall be circulated at least five (5) business days, or shorter notice where it is unavoidable prior to each meeting to the members of the Committee.
- 6.9 The Company shall cause minutes of all proceedings of the Committee meeting to be entered in books for that purpose. Minutes of each meeting shall be signed by the Chairman of the meeting at which proceedings were held or by the Chairman of the next succeeding meeting.

- 6.10 Minutes shall be kept by the Company at the Registered Office and shall be open for inspection by any Committee member or Board member.
- 6.11 The minutes shall be presented to the Board and signed by the Chairman as conclusive evidence.
- 6.12 The CCOM, through its Chairman shall reports meeting deliberations and recommendations to the Board.

7. CIRCULAR RESOLUTION

- 7.1 A resolution in writing signed by a majority of the Committee members, for the time being shall be as valid and effectual as if it had been passed at a meeting of the Committee duly called and constituted.
- 7.2 The resolution may consist of several documents in like form, each signed by one (1) or more Committee members. Such document may be accepted as sufficiently signed by a Committee member if it is transmitted to the Company by facsimile or other electrical or digital written messages, which include a signature of the said Committee member.

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.

Version History		
Version	Description of Change	Approval Date
00	Initial Issuance	8 February 2023
01	Revision	14 February 2025