

PROTASCO BERHAD

Board Charter

1.0 Introduction

This Board Charter of Protasco Berhad (“Company”) is subject to the provisions of the Malaysian Companies Act 2016 (“the Companies Act”), Company’s Constitution (“Constitution”), the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa”) and any applicable law or regulatory provision in Malaysia.

2.0 Purpose of the Board Charter

This Board Charter sets out the roles, functions, compositions, operation and processes of the Board and which is intended to ensure that all the Board members acting on behalf of the Company are fully aware of their obligation of discharging their duties and responsibilities to the Company.

The Board Charter serves as a source of reference and primary induction literature to provide insights to prospective Board members. In addition, it also assists the Board in the assessment of its own performance and that of its individual Directors.

The Board Charter is available on the Company’s website at www.protasco.com.my.

3.0 The Board, Other Components and Company Officials

3.1 The Shareholder

Matters reserved for decision-making by the shareholders of the Company are set out in the Constitution, MMLR and the Companies Act.

Matters reserved for decision-making by the shareholders are considered by the Board before they are recommended to the shareholders for decision-making. The Board will, where appropriate, provide the shareholders with its recommendation and the relevant material information in respect of resolutions proposed for shareholder approval.

3.2 The Board

3.2.1 General function of the Board

The Board has full and effective control over the business undertakings of the Company subject to the powers reserved for shareholders under the Constitution, the MMLR and applicable laws. This includes responsibility for determining the Company’s overall strategic direction

and the approval of annual and interim results, specific items of investments and divestments, as well as the risk management framework and internal control policies and procedures for the Company.

3.2.2 Clear Roles and Responsibilities of the Board

The Company is led by a Board comprising members with a wide range of business, financial, technical and legal experience. This depth and diversity in expertise and perspectives of each director bring vital ingredients necessary for the Company's strategic direction and guidance in the management of the various business activities undertaken by the Protasco Group of Companies.

In furtherance to its responsibilities, the Board will:

- Set the Group's strategy, performance target and long term goals of the business and ensure that resources are available to meet its objective
- Review the Group's progress against its strategy, performance target and long term goals
- Identify principal risks and ensure the implementation of appropriate systems to manage these risks
- Review the adequacy and integrity of the Group's internal control systems including compliance with applicable laws, regulations, rules, directives and guidelines
- Establish such committees, policies and procedures to effectively discharge the Board's roles and responsibilities
- Review financial reporting processes and financial position

3.2.3 Matters reserved for decision- making by the Board

The following matters shall be reserved for decision by the Board, supported by any recommendations as may be made from time to time by the Board Committees and/or Management:

1. Approval of the Group's long term objectives and commercial strategy.
2. Approval of the annual operating and capital expenditure budgets of the Group, and any material changes to them.
3. Review of performance in the light of the Group's strategy, objectives, business plans and budgets and ensuring that any necessary corrective action is taken.
4. Extension of the Group activities into new business or geographic areas.
5. Any decision to cease to operate all or any material part of the Group's business.
6. Major changes to the Group's corporate structure.

7. Approval of preliminary announcements of interim, final results and financial statements.
8. Approval of the annual report and accounts including the corporate governance statement.
9. Approval of the dividend policy.
10. Declaration of dividend.
11. Approval of any significant changes in accounting policies or practices.
12. Ensuring maintenance of a sound system of the internal control and risk Management including:
 - a. Receiving reports on, and reviewing the effectiveness of, the Group's risk and control processes to support its strategy and objectives;
 - b. Undertaking an annual assessment of these processes; and approving an appropriate statement for inclusion in the annual report.
13. Major acquisitions, disposals and investments.
14. Contracts with directors or other related parties.
15. Changes of the structure, size and composition of the Board, following recommendations from the Nomination & Remuneration Committee ("NRC").
16. Ensuring adequate succession planning for the Board and executive management.
17. Appointments to the Board, following recommendations by the NRC.
18. Selection of the Chairman of the Board and the Group Managing Director ("GMD").
19. Appointment of the Senior Independent Director.
20. Commitment to new material bank Facilities Agreements, borrowings or bonds.

All other matters, not specifically reserved by the Board, are delegated to the Executive Chairman/GMD subject to the obligation to report all material matters to the Board.

3.2.4 Composition of the Board, Appointment and Re-appointment

The number of Directors shall not be less than three (3) nor more than fifteen (15) as set out in the Constitution.

In accordance with the MMLR, the Company must ensure that at least two (2) directors or one-third (1/3) of the Board, whichever is the higher, are independent directors.

Pursuant to the Constitution, one-third (1/3) of the Directors or the number nearest to one-third (1/3) shall retire from office at each Annual General Meeting. A retiring Director is eligible for re-appointment. Any new or additional Director appointed by the Board during the year shall hold office until the next Annual General Meeting and shall then be eligible for re-election. The election of each Director is voted separately.

3.2.5 Board Committees

In discharging its duties, the Board is assisted by Board committees i.e. Audit Committee (“AC”), Nomination and Remuneration Committee (“NRC”), and Board Risk Management Committee (“RMC”).

Each Committee operates within its respective defined Terms of Reference (“TOR”) which have been approved by the Board.

The Board periodically review and assess their respective TOR to ensure the TOR remain relevant, adequate and concise in governing the functions and responsibilities of the Committees and reflect the latest developments in the MMLR and the Malaysian Code on Corporate Governance.

3.2.6 Board meetings and Board papers and Documentation

3.2.6.1 Frequency

The Board meets at least 4 times every year based upon a schedule set on yearly basis. Apart from the pre-scheduled Board meetings, the Board may for the purpose of urgent matters, convenes ad-hoc Board meetings at any time during the year.

3.2.6.2 Agenda, meeting papers and minutes

Board and AC meetings are always scheduled in advance prior to the new calendar year. All meeting papers are distributed within one week of the meetings to ensure the Board and Committee members are well informed and prepared for the meetings.

3.2.6.3 Attendance

Board members will use their best endeavours to attend all meetings of the Board, including meetings called on an ad hoc basis for special matters, unless prior apology with reasons have been submitted to the Chairman or Company Secretary.

Board members must be fully prepared for Board meetings to be able to provide appropriate and constructive input on matters for discussion. They are expected to participate fully, frankly, and constructively in Board discussions and to bring the benefit of their particular knowledge, experience, skills and abilities to bear in discharging their duties as directors.

If the Chairman of the Board is absent from a meeting, the members present must elect one of the members to act as Chairman.

Members of Senior Management, auditors and professional advisors may be in attendance at meetings by invitation.

3.2.6.4 Quorum and Voting

The quorum necessary for the transaction of business of the Directors shall be fixed by the Directors from time to time and unless so fixed, the quorum shall comprise four (4) Directors.

Questions arising at any Board meeting shall be decided by a majority of votes, each Director having one vote and in case of an equality of votes, the Chairman shall have a second or casting vote except when only two Directors are present and form a quorum or only two are competent to vote on the question at issue, the Chairman shall not have a casting vote.

3.2.6.5 Written Resolutions

A resolution in writing signed by a majority of the Directors for the time being entitled to receive notice of a meeting of the Directors shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted.

3.3 The Executive Chairman

The Executive Chairman is responsible to:

- Ensure the integrity and effectiveness of the governance processes of the Board;
- Ensure adequate information to facilitate decision making is delivered to the Board on timely manner;
- Facilitate all Board meetings and general meetings and ensure the appropriate level of interaction among members;
- Ensure a balance composition of skills, knowledge and experience within the Board;
- Adviser to GMD;
- Explore new business ventures with assistance from GMD; and
- Assume the duties of GMD in the absence of the latter.

3.4 Group Managing Director (“GMD”)

The GMD is responsible:

- To develop and recommend to the Board the long-term strategy and vision of the Company;
- To develop and recommend to the Board the annual business plans, budgets, action plans and policies;
- To manage day-to-day business affairs of the Company and Group;
- To continually improve, develop and implement corporate policies and strategies sanctioned by the Board;
- To develop and maintain an effective management team and structure, management development program and succession plans;
- To deploy and maintain an effective internal controls and governance measures;

- To keep Board informed of all important aspects of the Group's operations and ensuring information is distributed to the Board members;
- To develop and maintain effective relations with significant external agencies such as regulatory bodies, government agencies, investing public and other trade associations and institutions;
- To assist Executive Chairman in new business ventures; and
- To serve as spokesperson of the Company and Group.

3.5 The rights and duties of individual directors

In discharging the Directors' duties, the Directors have free access to all other members of management and employees of the Company and in their discretion, the Directors may consult with independent professionals at the Company's expense in the furtherance of their duties.

The Directors must observe the provisions of the MMLR, Constitution and all relevant legal and regulatory requirements.

The Directors must be committed to undergoing continuing education training programmes to upgrade and enhance their business acumen and professionalism in discharging their duties to the Group.

3.6 The Company Secretary

The company secretaries of the Company are qualified to act as company secretaries under the Companies Act. The Company Secretaries are responsible in advising the Board on issues relating to corporate compliance with the relevant laws, rules, and regulations affecting the Company and the Group as well as best practices of corporate governance.

All Directors have access to the advice and services of the Company Secretaries.

4.0 Disclosure and Conflict of Interest

A director who has a personal financial interest in respect of a matter to be considered at a Board meeting, or knows that a related person has a personal financial interest in the matter:

- a. must disclose the general nature of the interest before the matter is considered;
- b. must disclose all material information known to the director to the meeting;
- c. may disclose observations and insights relating to the matter if requested by the other directors to do so; and
- d. may not be present at the meeting where the matter is discussed, and may not participate in the consideration of the matter.

A director may disclose any personal financial interest in advance by delivering to the Board a notice setting out the nature and extent of the financial interest to be used until changed or withdrawn. A director who acquires a direct personal financial interest after an agreement or other matter has been

approved by the Company, must promptly disclose the nature and extent of that interest to the Board.

5.0 Dealing in the Securities of the Company

All directors of the Company are required to adhere to the MMLR on dealing in the Company's securities, to prevent insider trading.

The Company is also required to promptly make public announcement via www.bursamalaysia.com when directors deal in the securities of the Company.

The Company Secretary should be notified of any dealing by a director in the securities of the Company.

6.0 Performance Evaluation: Board, Committees and Individuals

The Board shall undertake performance evaluation annually which comprises Board assessment, self-assessment and assessment on board committees. The Chairman of the NRC will be presented with the analysis of the overall performance evaluation and deliberated at the NRC meeting. The NRC will access and identify areas which require improvement and recommend to the Board for action.

7.0 Review of Board Charter

The Board Charter will be reviewed by the Board from time to time and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities.