

Board Charter

1.0 Objective

The Board Charter of Protasco Berhad (“the Company”) outlines the roles, responsibilities, duties and processes of the board of directors of the Company.

The objective of a Board Charter is to establish a clear framework for the governance and operation of the Board, 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.

This Board Charter 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”), Malaysian Code on Corporate Governance (“MCCG”) and any other applicable laws or regulatory provisions in Malaysia.

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

2.0 The Board, Other Components and Company Officials

2.1 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.

2.2 The Board

2.2.1 General function of the Board

The Board has full and effective control over the Company’s business operations subject to the powers reserved for shareholders under the Companies Act, Constitution, the MMLR and applicable laws. This includes responsibility for defining the Company’s strategic direction, approving annual and interim financial results, specific investments and divestments decisions, as well as establishing the risk management framework and internal control policies and procedures.

2.2.2 Clear Roles and Responsibilities of the Board

the Board will:

- Ensure proper governance framework in place to promote and protect the Group's interests for the benefits of its shareholders and other stakeholders.
- 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 including environmental, social and governance risks ("ESG"), that could impact the Company's operations, reputation, or financial performance and ensure the implementation of appropriate systems to manage these risks
- set specific sustainability goals and targets, including reduction of greenhouse gas emissions, energy efficiency, and responsible sourcing, and monitor progress toward achieving these goals.
- Review the adequacy and integrity of the Group's internal control systems including compliance with applicable laws, regulations, rules, directives and guidelines
- Establish Board committees, policies and procedures to effectively discharge the Board's roles and responsibilities
- Review financial reporting processes and financial position

2.2.3 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. Approval of Discretionary Authority Limit granted to the management of the Company;
7. Approval of new business venture or major investment with initial capital commitment exceeds RM5 million and/or when total

- investment exceeds 5% of the Group's shareholders' funds based on the latest consolidated audited accounts;
8. Major changes to the Group's corporate structure;
 9. Approval of announcements of quarterly financial results and financial statements;
 10. Approval of the annual report and audited accounts;
 11. Approval of the dividend policy and declaration of dividend;
 12. Approval of any significant changes in accounting policies or practices;
 13. 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;
 14. Major acquisitions and disposals;
 15. Contracts with directors or other related parties;
 16. Changes of the structure, size and composition of the Board, following recommendations from the Nomination & Remuneration Committee ("NRC");
 17. Ensuring adequate succession planning for the Board and executive management;
 18. Appointments to the Board, following recommendations by the NRC.
 19. Selection of the Chairman of the Board and the Group Managing Director ("GMD");
 20. Appointment of the Senior Independent Director; and
 21. 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 or GMD with the responsibility to report any significant issues to the Board.

2.2.4 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.

The Nominations & Remuneration Committee makes recommendations to the board of directors for the approval of new director candidates and directors who are due for re-election pursuant to the Constitution, based on the criteria outlined in the Fit and Proper policy.

The board will make the final decision, taking into account the committee's recommendations and the Fit and Proper policy.

2.2.5 Board Committees

In discharging its duties, the Board is assisted by the following Board committees:

- i) Audit Committee ("AC"),
- ii) Nomination and Remuneration Committee ("NRC"); and
- iii) Board Risk Management Committee ("BRMC").

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 MCCG.

2.2.6 Board meetings and Board papers and Documentation

2.2.6.1 Frequency

The Board meets at least 5 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.

2.2.6.2 Agenda, meeting papers and minutes

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

2.2.6.3 Attendance

Board members will use their best endeavors to attend all Board meetings, 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 are expected to come well-prepared for meetings, actively engage in discussions, and contribute their expertise and skills to fulfill their duties as directors.

If the Chairman of the Board is absent from a meeting, the Senior Independent Director shall assume the role as Chairman, if the Senior Independent Director is also absent, 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.

2.2.6.4 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, whereupon the Chairman shall not have a casting vote.

2.2.6.5 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.

2.3 The Executive Chairman

- The Executive Chairman is responsible to:
- work closely with the GMD to set the company's strategic goals and priorities;
- act as an adviser to the GMD;
- explore new business ventures with GMD's assistance;
- assume the duties of GMD in his absence;
- Ensure the Company adheres to good corporate governance practices, including transparency, ethical conduct, and compliance with relevant laws and regulations;
- ensure timely delivery of necessary information for Board decision-making;
- facilitate all Board meetings and general meetings and promote interaction among members; and
- ensure a balance and effective composition of skills, knowledge and experience within the Board

2.4 Group Managing Director (“GMD”)

The GMD is responsible to:

- develop and recommend to the Board the long-term strategy and vision of the Company;
- develop and recommend to the Board the annual business plans, budgets, action plans and policies;
- responsible for managing the Company's financial performance and ensuring the Company's financial health and sustainability.
- manage day-to-day business affairs of the Company and Group;
- continually improve, develop and implement corporate policies and strategies sanctioned by the Board;
- develop and maintain an effective management team and structure, management development program and succession plans;
- deploy and maintain an effective internal controls and governance measures;
- keep Board informed of all important aspects of the Group's operations and ensuring information is distributed to the Board members;
- to establish clear ESG goals and targets that align with the Company's long-term strategy;
- oversees the development and implementation of risk mitigation strategies;
- develop and maintain effective relations with significant external agencies such as regulatory bodies, government agencies, investing public and other trade associations and institutions.

2.5 The rights and duties of individual directors

In discharging the Directors' duties, the Directors have unrestricted access to all management members and Company employees. They may, at their discretion, engage independent professionals at the Company's expense to aid in their responsibilities.

The Directors must adhere to the provisions of the MMLR, Constitution and all applicable legal and regulatory requirements.

The Directors are required to commit to ongoing educational training programmes to enhance their business acumen and professionalism in discharging their duties to the Group.

2.6 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.

3.0 Disclosure and Conflict of Interest

Directors have a legal and ethical obligation to promptly disclose any actual or potential conflicts of interest to the Board of Directors. This includes any situation in which a director's personal, financial, or other interests could reasonably be seen as conflicting with the best interests of the company.

Directors are obligated to make declarations regarding their actual or potential conflicts of interest pursuant to the Company's Conflict Of Interest policy.

When a conflict of interest arises, directors should abstain themselves from discussions, decisions, or votes related to the matter. They should not participate in any board or committee deliberations where their personal interests could compromise their objectivity.

4.0 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.

5.0 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.

6.0 Directors' Continuous Education Training

The Directors are required to attend seminars, training programmes organized by the relevant regulatory authorities and professional bodies to broaden their knowledge and to keep abreast with the relevant changes in laws, regulations and the business environment.

7.0 Review of Board Charter

The Board Charter will be reviewed by the Board from time to time, and it will be updated as necessary to align with the Company's evolving needs and any new regulations that may affect the fulfillment of the Board's responsibilities.