

PROTASCO BERHAD

Succession Planning Policy

An effective succession planning of Protasco Berhad (“Group” or “Company”) is to ensure the Group’s sustainability. It is an ongoing process that addresses the Group’s strategic goals and challenges, identifies the necessary qualifications and competency, and develops the talent pool of employees required to create long-term shareholders’ value.

The area of succession planning covers the board of directors and its Chairman, the Group Managing Director and the senior management team.

1. Board Succession Planning

The number of Board members shall not exceed fifteen (15) directors with at least 1/3 of the board members are independent directors.

The tenure of an independent director does not exceed a cumulative term limit of 9 years. Upon completion of the 9 years, an independent director may continue to serve on the board as a non-independent director. However, if the Board intends to retain an independent director beyond 9 years, it should justify and seek annual shareholders’ approval.

The Company’s Nomination and Remuneration Committee (“NRC”) is responsible for reviewing and implementing succession planning for the Board, as well as ensuring an appropriate mix of necessary skills, experience and expertise of the Board.

Each year, as part of the Board and Committee performance evaluation process, the NRC reviews the size and composition of the Board, whether any changes are required, performance and contribution of individual Directors and the impact of expected changes to the Board. Succession planning and future requirements in respect of the Board structure are part of this annual process, taking into consideration the business growth of the Company and the specialise skills required by the Company. Consistent with the Company's commitment to diversity in the Board.

2. Chairman and Executive Position Succession Planning

To ensure the Group is prepared with a plan to support operation and service continuity, the Board is responsible for succession planning for the positions identified as follows:

- a) Chairman
- b) Group Managing Director (“GMD”);

The Board should consider either to source internally or externally for the new Chairman and GMD when any of the mentioned positions becomes vacant.

The candidate for the Chairmanship will be assessed and evaluated by the NRC, in consultation with other members of the Board. The NRC also review, with each Director, the performance of the Chairman of the Board and the subject of succession planning for the position of Chairman.

To evaluate the potential candidate for GMD position, the Board will evaluate:

- a) Reassess the succession plan as the long-term corporate strategy shifts;
- b) Create custom relationship development goals that link to the long-term strategic plan; and
- c) Integrate succession planning with the compensation program by including pay incentives that tied to leadership and development goals.

3. Senior Management Succession Planning

Protasco Berhad has established a program to identify employees with potential and nurture them through career development opportunities for senior management positions. It involves an integrated, system approach for identifying, developing, and retaining capable and skilled employees in line with current and projected business objectives. This program helps to incorporate succession planning and management into our human resources planning, it can be illustrated as follows:

