



ZANTAT HOLDINGS BERHAD

(Registration No. 202101040483 (1440783-X))

BOARD CHARTER

Version 1	Adopted on 29 May 2023
Version 2	Adopted on 21 February 2025

1.0 INTRODUCTION

The Board Charter ("**Charter**") is a charter of the Board of Directors ("**Board**") of Zantat Holdings Berhad ("**ZHB**" or the "**Company**").

The Board is accountable to ZHB's members for the corporate governance and performance of ZHB and its subsidiaries and associate companies (collectively known as "**Zantat Group**" or the "**Group**") and is also committed to achieving the highest standards of business integrity, ethics and professionalism across the Zantat Group's activities.

2.0 PURPOSE OF THE BOARD CHARTER

The Charter sets out the role, responsibilities, structure and processes of the Board of ZHB to ensure that the Board's practices are consistent with and reflect the Board's commitment to best practices as prescribed in Corporate Governance.

This Charter further defines specific responsibilities of the Board, in order to enhance coordination and communication between the Management and Board and more specifically, to clarify the accountability of both the Board and Management for the benefit of the Company and its shareholders.

In addition, it will assist the Board in the assessment of its own performance and of its Directors.

3.0 COMPOSITION OF THE BOARD

3.1 Size and Composition

- (a) The Board shall strive to achieve an optimum balance and dynamic mix of competencies and diverse skill sets amongst its members of the Board. Members of the Board shall possess the relevant knowledge, skills, qualifications, competencies, functional and management experience, characteristics and mind-set to contribute effectively to the Board. In seeking potential candidate(s) for new appointments, the Board shall take into account the objective, criteria, merit and various diversity factors including skills, experience, age, cultural background and gender of the directors to strengthen the Board composition so as to meet the objectives and strategic goals of the Company.
- (b) As prescribed by the Listing Requirements, at any one time, at least two (2) directors or one-third (1/3), whichever is higher, of the Board members must be Independent Directors. If the number of directors is not three (3) or a multiple of three (3), then the number nearest one-third (1/3) shall be used for purposes of determining the requisite number of Independent Directors.
- (c) The presence of the Independent Directors is to ensure the objectivity in decision-making of the Board is achieved and that no single party can dominate such decision-making in the Company.
- (d) The Independent Directors provide independent judgment, experience and objectivity without being subordinated to operational considerations. They help to ensure that the interests of all shareholders are indeed taken into account by the Board and that relevant issues are subjected to objective and impartial consideration by the Board.

- (e) In accordance with the recommendations of the Malaysian Code on Corporate Governance, the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. However, upon completion of the nine (9) years, the Independent Director may continue to serve the Board subject to the Director being re-designated as a Non-Independent Director. In the event the Director is to remain as Independent Director after nine (9) years, the Board shall first justify and obtain shareholders' approval through a two-tier voting process. If shareholders approve, the Independent Director can continue serving for up to twelve (12) years.
- (f) The Board may appoint a Senior Independent Director who will also attend to any query or concern raised by shareholders.
- (g) The Board collectively, and each Director individually, has the rights to seek independent professional advice at the Company's expense, subject to the approval of the Chairman or in the Chairman's absence, the Board.

3.2 Appointments and Re-election

- (a) The Nomination Committee shall identify candidates with appropriate skills, experience, knowledge and expertise in order to discharge its mandate effectively and to maintain the necessary mix of expertise to the Board for approval. The Nomination Committee shall be guided by the Fit & Proper Policy during their review and assessment of candidates that are to be appointed onto the Board as well as Directors who are seeking for election or re-election.
- (b) All Directors are subject to retirement by rotation at least once in every three (3) years and is eligible for re-election.
- (c) The Board members are required to notify the Chairman before accepting any new directorship and to indicate the time expected to be spent on the new appointment. The directorships held by any Board member at any time shall not exceed five (5) listed corporations in Malaysia. Executive Directors should not take on more than one (1) non-executive directorship, nor become Chairman of a listed corporation in Malaysia.

3.3 Independence of Director

An Independent Director is independent of management and free from any business or other relationship that could materially interfere with the exercise of unfettered and independent judgment or the ability to act in the best interests of an applicant or listed corporation.

The Board and/or through its Nomination Committee undertakes to assess the independence of its Independent Directors upon appointment, annually and when any new interest or relationship develops.

4.0 **BOARD PERFORMANCE**

4.1 Roles of the Board

The Board oversees the business and affairs of the Company and will assume, among other things, the following duties and responsibilities;

- (a) Setting the corporate values and promoting together with the senior management, good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour and ensure that its obligations to shareholders and other stakeholders are met.

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- (b) Reviewing and adopting a strategic plan for the Group:
- Review, challenge and decide on management's proposal on a strategic plan for the Group by bringing objectivity and breadth of judgment to the strategic planning process;
 - Review and oversee the implementation of the strategic business plan for the Group to ensure that it supports long-term value creation and includes strategies on economic, environmental, safety & health, social and governance considerations underpinning sustainability;
 - Together with management, take responsibility for the governance of sustainability in the Group including setting the Group's sustainability strategies, priorities and targets; and
 - Monitor the implementation of the strategic plan by the management.
- (c) Overseeing the conduct of the Group's business:
- Oversee the conduct of the Group's business, including the formulation of strategy and performance objectives, control and accountability systems, corporate governance framework, risk management practices and human capital management;
 - Approve and monitor progress of major capital expenditure, fund-raising, acquisitions and divestitures;
 - Supervise and assess the performance of the management to determine whether the business is being properly managed and ensure that appropriate measures are in place against which the management's performance can be assessed;
 - Review, challenge and decide on the management's proposals for the Group and monitor its implementation by the management; and
 - Monitor compliance with established policies and procedures.
- (d) Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures:
- Understand the principal risks of the Group's businesses and recognise that business decisions involve the taking of appropriate risks;
 - Fulfil statutory and fiduciary responsibilities by monitoring the operational, financial and risk management processes of the Group and ensuring that internal control procedures are in place;
 - Set the risk appetite within which the Board expects the management to operate and ensure that there is a sound risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks; and
 - Comply with environment, safety and health legislation by understanding the operations being carried out by employees and the hazards and risks associated with such operations.
- (e) Succession Planning:
- Ensure the senior management has the necessary skills and experience; and
 - Ensure measures are in place to provide for orderly succession planning of the Board and senior management, including appointing, training, fixing the compensation of and, where appropriate, replacing the senior management.
- (f) Overseeing the development and implementation of a stakeholder communications policy for the Group:
- Ensure that the Group has in place a policy to enable effective communication with its stakeholders. This policy should include how feedback received from its stakeholders is considered by the Group when making business and other decisions; and
 - Ensure that the Group's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

- (g) Reviewing the adequacy and the integrity of the management information and internal control systems of the Group, including systems for compliance with applicable laws, regulations, rules, directives and guidelines:
- Ensure that there is a sound framework of reporting on internal controls and regulatory compliance;
 - Review the efficiency and quality of the Group's financial reporting process and systems of accounting and internal controls; and
 - Ensure the integrity of the Group's financial and non-financial reporting and ensure that all its directors are able to understand financial statements and form a view on the information presented.

4.2 Matters reserved for the Board

The following matters shall be reserved for the Board to determine and/or approve (save to the extent that the Board resolves that determination and/or approval of any such matter shall be delegated to the Committees of the Board or Management):

- Corporate plans and programmes
- Annual budgets, including major capital commitments
- New ventures
- Material acquisitions and disposals of undertakings and properties
- Changes to the management and control structure within the Company and its subsidiaries, including key policies

4.3 Role of the Chairman

The Board appoints from amongst its members a Chairman who represents the Board to carry out a leadership role in the conduct of the Board and its relations with the shareholders and other stakeholders.

The position of Chairman shall be held by a Director who is not the Chief Executive Officer. The Chairman is primarily responsible for:

- (a) acting as chief spokesperson and representative of the Board and the Group;
- (b) representing the Board to shareholders and chairing general meeting of shareholders;
- (c) ensuring the adequacy and integrity of the governance process and issues;
- (d) facilitating meetings of the Board to ensure that no member, whether executive or non-executive, dominates discussion, that appropriate discussions takes place and that relevant opinions among members is forthcoming. The Chairman will ensure that discussions result in logical and understandable outcomes;
- (e) ensuring that all Directors are enabled and encouraged to participate in its activities. This includes ensuring that all relevant issues are on the agenda and that all Directors receive timely, relevant information tailored to their needs and that they are properly briefed on issues arising at Board meetings;
- (f) ensuring that executive Directors look beyond their executive function and accept their full share of responsibilities of governance and provide regular updates on all issues pertinent to the welfare and future of the Group to the Board;
- (g) liaising and co-ordinating input from all Directors, especially Board Committees' Chairman, to optimise the effectiveness of the Board and its Committees;
- (h) guiding and mediating Board actions with respect to organisational priorities and governance concerns;

- (i) undertaking the primary responsibility for organising information necessary for the Board to deal with items on the agenda and for providing this information to Directors on a timely basis; and
- (j) performing other responsibilities assigned by the Board from time to time.

The Chairman may delegate specific duties to the Executive Directors, Board members and/or Committees as appropriate.

4.4 Role of the Executive Director(s)

The position of the Executive Directors, in essence, is to ensure the effective implementation of the Group's Business Plan (including strategic plan) and policies established by the Board as well as to manage the daily conduct of the business and affairs to ensure its smooth operation.

The Executive Directors are accountable to the Board for the achievement of the Group's mission, goals and objectives as well as for the observance of management limitations.

The Executive Directors expected to act within all specific authorities delegated to them by the Board. The delegation is subject to and limited by, the terms of this charter including matters reserved for decision by the Board and any specific limitations on authority imposed by the Board from time to time.

The responsibility of the Executive Directors should be stated in an agreed job description and generally, the Executive Directors are responsible to the Board for the following:

- (a) executive management of the Group's business covering, inter alia, the development of a strategic plan; an annual operating plan and budget; performance benchmarks to gauge management performance against and the analysis of management reports;
- (b) developing long-term strategic and short-term profit plans, designed to ensure that the Group's requirements for growth, profitability and return on capital are achieved;
- (c) coordinate and oversee the daily business operation of the Company especially supporting functions ie. Finance/Accounts, Costing, Human Resources/Admin, Investor Relations and Information Technology through the managers and advise and guide them in the right direction so as to ensure that Company's strategic and business plan is executed;
- (d) ensures that the Group's Financial Reports present a true and fair view of the Group's financial condition and operational results and are in accordance with the relevant accounting standards;
- (e) assures the Group's corporate identity, products and services are of high standards and are reflective of the market environment;
- (f) strengthen relationship with business partners, customers and government regulatory and other authorities, agencies and others;
- (g) ensures compliance with governmental procedures and regulations;
- (h) coordinates business plans with the businesses heads, coordinates management issues through the Board, and oversees divisional function groups and cost containment process in consultation with the Chief Financial Officer/ Financial Controller and the Head Office;
- (i) maintains and facilitates a positive working environment and good employee relations;

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- (j) assists in the selection and evaluation of Board members through the Nominating and Remuneration Committees; and
 - (k) assists the Chairman in organising information necessary for the Board to deal with the agenda and for providing this information to Directors on a timely basis.

4.5 Role of the Non-Executive Directors (“NED”)

The roles of the NEDs primarily cover the monitoring of the Group performance and contributing to the development of Group strategies as outlined below:

- (a) Strategy: provide constructive commentaries and contribute to the development of the Group strategies;
- (b) Performance: oversee the performance of Management in meeting pre-set objectives and targets and monitor the reporting of performance.

NEDs could act as a link between Management, Shareholders and other stakeholders. They should provide the relevant checks and balances and ensuring that high standards of corporate governance are applied whilst taking into consideration the interests of the Shareholders and other stakeholders.

4.6 Board Committees

The Board may from time to time establish committees as is considered appropriate to assist in carrying out its duties and responsibilities. The Board delegates certain functions to the following committees to assist in the execution of their responsibilities:

- Audit and Risk Management Committee (“**ARMC**”)
- Nominating Committee (“**NC**”)
- Remuneration Committee (“**RC**”)

(collectively the “**Committees**”)

The Committees shall operate under clearly defined terms of reference. The Committees are authorized by the Board to deal with and to deliberate on matters delegated to them within their terms of reference. The Chairman of the respective committees will report to the Board on the outcome of the committee meetings and the minutes will be included in the Board’s Papers for Board’s notification.

4.7 Board Meetings

- (a) The Board shall schedule at least (4) times in a financial year, with additional meetings to be convened as and when necessary.
- (b) Directors are expected to achieve at least 50% attendance of total Board Meetings in any applicable financial year, with appropriate leave of absence duly communicated to the Chairman and/or Company Secretary, where applicable.
- (c) The Notice of Board Meeting, full agenda and the supporting Board Papers should be given in a timely manner or at least five (5) working days prior to the Board Meetings and Directors are expected to review in advance any such materials in order to facilitate meaningful deliberations during each meeting.

- (d) A meeting shall normally be conducted face-to-face to enable effective discussion. However, meetings may also be conducted via telephone conferencing, video conferencing or other appropriate means as determined by the Board and participation in a meeting via such means shall constitute presence in person. The quorum for a Board meeting shall be a minimum of two (2) directors present in person. In the absence of the Board Chairman, the members present shall elect a chairman from amongst them to chair the meeting.
- (e) All resolutions of the Board shall be adopted by a simple majority vote, each director having one vote. In the case of an equality of votes, the Board Chairman shall have a second or casting vote, save in cases where there are only two (2) directors present and voting.
- (f) The Board may from time to time and if deemed appropriate, consider and approve and/or recommend relevant matters via a resolution in writing, in lieu of formally convening a meeting. A written resolution in writing signed or approved by a majority of the directors shall be as valid and effectual as if it has been passed by a meeting of the Board duly convened. Approval of the Board on the resolution can be through email and/or other means of electronic communications. Any such resolution may consist of several documents, including facsimile or other means of communications, in like form, each signed by one or more directors.
- (g) Every director is required to inform the Board of conflicts or potential conflict of interest that they may have in relation to a particular subject matter or business transaction. Such director is required to abstain from deliberations and voting in respect of any matter which may give rise to an actual or perceived conflict of interest situation.

4.8 Directors' Remuneration

The Company shall provide a fair and reasonable, competitive, remuneration for its executive directors to ensure that the Company attracts and retains high caliber executive directors who have the skills, experience and knowledge to increase entity value to the benefit of all shareholders.

The remuneration policy for executive directors is based on the achievements and contribution of each member measured against their respective Key Performance Indicators. The Board shall determine the remuneration of executive directors taking into consideration the recommendations of the RC.

The non-executive Directors will receive a fixed base fee, not by a commission or on percentage of profits/turnover, as consideration for their Board duties. The aggregate amount of directors' fees to be paid to non-executive directors is subject to the approval of the shareholders at a General Meeting.

Remuneration for non-executive directors is not linked to individual performance.

4.9 Directors' Training

In addition to the Mandatory Accreditation Programme as required by the Bursa Malaysia Securities Berhad, the Directors shall continue to update their knowledge and enhance their skills through appropriate continuing education programmes. This will enable Directors to effectively discharge duties and sustain active participation in the Board deliberations.

The Board will assess the training needs of the Directors from time to time and will ensure Directors have access to continuing education programme.

The Board is also constantly updated by the Company Secretary on changes to the relevant guidelines on the regulatory and statutory requirements.

4.10 Internal Controls and Risk Management

The Board oversees, reviews and monitors the operation, adequacy and effectiveness of Group's system of internal controls.

4.11 Financial Reporting

The Company aims to present a clear and balanced assessment of the Company's financial position and prospects for its financial statements and quarterly announcements to the shareholders, including other price sensitive public reports and reports submitted to regulators.

The Board will ensure that the financial statements are prepared in accordance with the Companies Act and the applicable approved accounting standards set out by the Malaysian Accounting Standards Board so as to present a true and fair view of the state of affairs of the Group.

4.12 Board and Board Committee Evaluation

The Board, through the NC, shall evaluate the effectiveness of the Board and Board Committees as well as the performance of individual Directors annually. All such assessments shall be properly documented. The Board shall also engage independent expert to facilitate objective and candid board evaluation, when necessary.

The results of the performance assessment will form the basis of the NC's recommendation to the Board for the re-election of Directors as well as for the necessary training and development needs for the Board, Board Committees and individual Board members.

5.0 **COMPANY SECRETARY**

The Board appoints the Company Secretary who plays an important advisory role and ensures that the Company Secretary fulfils its function for which he/she has been appointed.

The Company Secretary is a central source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company and the Group.

The Company Secretary shall be a person with adequate skills, knowledge and competency with the necessary authority and shall report directly to the Board. The appointment and removal of the Company Secretary will be subjected to the approval of the Board.

6.0 **CONFIDENTIALITY AND DISCLOSURE OF INTENT**

The Directors are required to act in the best interest of the Company. The Directors also have a duty of confidentiality in relation to the Company's confidential information.

A Director should disclose to the Board:

- Any material personal interest they have in matters which relates to the affairs of the Company; and
- Any other interest (direct or indirect) which the Director believes is appropriate to disclose in order to avoid any conflict of interest or the perception of a conflict of interest.

The disclosure should be made as soon as possible after the Director becomes aware of their interest. Details of the disclosure must be recorded in the minutes of the meeting at which the disclosure is made or the meeting held following the disclosure.

Where a potential conflict arises in any transaction involving any particular Director's interest, such Director shall abstain from discussion and the decision-making process.

7.0 INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION

The Company is committed to ensure that shareholders are well-informed of all major developments affecting affairs of the Company. To achieve this, the Company has implemented among others, the following:

- Timely release of announcements and disclosures to Bursa Malaysia Securities Berhad, which include quarterly financial results, material contracts and any other material information that may affect the investor's decision-making.
- Encourage participation of shareholders at General Meetings. The Company will also invite the External Auditors to attend the Annual General Meeting and be available to answer shareholders' questions about the conduct of the audit and the preparation and content of the auditor's report.
- Shareholders can gain access to information about the Company including summary of the Group's investor relation activities and media releases through the company website.

8.0 CODE OF CONDUCT & ETHICS

The Directors are expected to conduct themselves with the highest ethical standards. All Directors and employees are expected to behave ethically and professionally at all times and thereby protect and promote the reputation and performance of the Company.

The Group communicates the Code of Conduct & Ethics to all Directors and employees upon their appointment/employment and is deemed to be part of the Terms and Conditions of Service.

9.0 REVIEW OF THE BOARD CHARTER

The Board will review this charter at least once every 3 years and make necessary amendments to ensure that they remain consistent with the Board's objective, current laws and practices and keep it current and relevant at all times.

This Board Charter was approved by the Board of Directors on 21 February 2025.