



PROGRESSIVE IMPACT CORPORATION BERHAD

199001011782 (203352-V)

(Incorporated in Malaysia)

BOARD CHARTER

1. INTRODUCTION

The Board of Directors (“Board”) of Progressive Impact Corporation Berhad (“PICORP” or “the Company”) regards corporate governance as important principles and best practices to be upheld, and will continuously implement and carry out good governance practices throughout the Company and its subsidiaries (“Group”).

2. OBJECTIVE

The objective of this Board Charter is to ensure that all Board members are fully aware of their roles and responsibilities as Board members and the various regulations that may have an impact on the discharge of the Board’s responsibilities. In pursuit of the principles set out in this Board Charter, the Board shall commit to employ the principles of integrity, transparency and professionalism to ensure that the principles of good corporate governance are applied in all of the Group’s business dealings in respect of its shareholders and relevant stakeholders and the shareholders’ investment and value and the interests of the stakeholders are safeguarded.

3. THE BOARD

3.1 Composition and Appointments

At least one-third of the Board shall consist of Independent Non-Executive Directors or a minimum of two (2), whichever is the higher. Where the Chairman of the Board is not an Independent Non-Executive Director, the Board should comprise a majority of Independent Directors to ensure balance of power and authority on the Board.

The Board shall consist of qualified individuals with diverse professional background, skills, extensive experience and knowledge necessary to govern the Company and the Group.

The appointment of a new Director is a matter for consideration and decision by the Board, upon the recommendation from the Nominating Committee. In making

these recommendations, the Nominating Committee will consider the required mix of skills, experience and other qualities, including core competencies which the potential candidate would bring to the Board.

The Board has appointed a Senior Independent Non-Executive Director to whom all concerns or queries pertaining to the Company may be conveyed by shareholders and stakeholders.

The composition and size of the Board shall be reviewed from time to time to ensure its appropriateness vis-à-vis the needs of the Company and the Group as well as the requirements set out in the relevant laws, regulations and codes.

3.2 Tenure of Directors

The Constitution of the Company provides that every newly appointed Director (appointed by the Board) shall be subject to re-election at the Company's next Annual General Meeting ("AGM") subsequent to their appointment. One-third of the Board shall retire from office and be eligible for re-election at every AGM. All Board members are subject to retirement by rotation and re-election by shareholders at least once in every three (3) years.

The Independent Directors whose tenure exceeds a cumulative term of nine (9) years may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director. The Board shall justify and seek shareholders' approval in the event it retains as an Independent Director, a person who has served in that capacity for more than nine (9) years.

3.3 External Board Appointments

Any Board Member, whilst holding office, is at liberty to accept other board appointments (outside the Group) so long as the appointment is not in conflict with the business of the Company and Group and does not detrimentally affect the Director's performance as a Board Member. All such appointments must first be discussed with the Chairman before being accepted. The notification should include an indication of time that will be spent on the new appointment.

3.4 Responsibilities of the Board

The Board's duties and responsibilities include the following:-

- (a) reviewing, adopting and monitoring the implementation of a strategic plan for the Group;
- (b) overseeing the conduct of the Group's business;
- (c) identifying principal risks and ensuring the implementation of appropriate controls and systems to monitor and manage these risks;
- (d) succession planning;

- (e) establishing and ensuring the effective functioning of the various board committees;
- (f) reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for ensuring compliance with applicable laws, regulations, rules, directives and guidelines.

3.5 Matters Reserved for the Board

Other than those statutorily and regulatory required and the powers accorded under the Constitution, the following are matters reserved for Board deliberation and decision (non-exhaustive) and may be varied from time to time:-

- (a) delegation of powers to the various Board Committees;
- (b) receiving reports and recommendations from Board Committees;
- (c) approving the financial statements, financial results, annual budget, strategic business plans;
- (d) acquisitions or disposals of fixed assets of substantial value;
- (e) major investment or divestment of businesses;
- (f) changes to the group structure;
- (g) provision of indemnities or corporate guarantees;
- (h) dividend policy.

3.6 Directors' Training and Continuing Education

In addition to the Mandatory Accreditation Programme required by Bursa Malaysia Securities Berhad, the Directors shall continue to update and enhance their knowledge and skills by attending appropriate training to enable them to discharge their duties effectively. The Board shall evaluate and determine the training needs of the Directors from time to time.

3.7 Board Evaluation and Performance

The Nominating Committee shall evaluate the performance of the Board members on an annual basis. The Board committees shall also be regularly reviewed by the Nominating Committee to ascertain their performance and effectiveness.

3.8 Directors' Remuneration

The Remuneration Committee is responsible for recommending to the Board the remuneration framework and packages of the Directors. The Directors shall abstain from deliberations and voting on their own remuneration. The performance of Directors is measured by the Directors' contribution. The Executive Directors' remuneration is structured according to the skills, experience and performance of the Executive Directors.

In the case of Non-Executive Directors, the determination of their remuneration is a matter for the Board as a whole.

3.9 Share dealings by Board Members

Board members are allowed to hold shares in the Company as this would increase the focus of Board members on the Company's performance and share value and in turn, enhance shareholders' value.

When buying or selling shares, Board members must strictly observe the provisions of the Company's Constitution, relevant legislative or regulatory procedures and any other procedural recommendations that may be prescribed by the Board from time to time.

4. ROLES OF THE CHAIRMAN, EXECUTIVE DIRECTORS, DIRECTORS, INDEPENDENT NON-EXECUTIVE DIRECTORS, SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR AND GROUP EXECUTIVE DIRECTOR ("GED")

4.1 The Chairman

The Chairman carries out a leadership role in conduct of the Board and its relations with the shareholders and stakeholders. The roles of the Chairman, amongst others, are as follows:

- (a) lead the Board in setting its values and ethical standards of the Company;
- (b) facilitate the progress and conduct of meetings;
- (c) stimulate debates on issues and encourage positive contributions from each Board Member;
- (d) set the agenda for Board Meetings with assistance of the Company Secretary and ensure all relevant issues for the effective running of the Company's business are on the agenda;
- (e) ensure proper flow of information to the Board, reviewing the adequacy and timing of board papers in support of Management's proposal and review of performance of the Company and/or Group;
- (f) ensure effective communication with shareholders and relevant stakeholders;
- (g) perform any other responsibilities that may be assigned by the Board from time to time.

The Chairman should allow every board resolution to be voted on and ensure the will of the majority prevails. In determining policy matters, the Chairman should ensure that the following are carried out:

- (i) all Directors are properly briefed on issues arising at Board meetings; and
- (ii) there is sufficient time allowed for discussion on complex or contentious issues and where appropriate, arrange informal meetings beforehand for

thorough preparation.

4.2 Executive Directors

The Executive Directors are responsible for the day-to-day running of the Group's business, implementation of the Board's policies and making operational decisions. The roles of the Executive Directors are as below:-

- (a) to ensure balance of management power and authority;
- (b) responsible for the overall business performance of the Group;
- (c) develop performance targets, strategic direction and long term goals for the Group;
- (d) implementation of Board policies, strategies and decisions;
- (e) provide strong leadership to employees of the Group;
- (f) assess business opportunities which are of potential benefit to the Group; and
- (g) keep the Board fully informed of all important aspects of the Group's operations and bring material and other relevant matters to the attention of the Board in an accurate and timely manner.

4.3 Directors

Directors are expected to comply with their legal, statutory and equitable duties and obligations when discharging their responsibilities as Directors. Broadly these include:

- (a) acting in good faith and in the best interest of the Company as a whole;
- (b) exercising due care and diligence;
- (c) avoiding conflict of interest wherever possible; and
- (d) refraining from making improper use of information gained through the position of Director and from taking improper advantage of the position of Director.

Directors are also expected to keep themselves abreast of changes and trends in the business and in the Group's business environment and markets and changes and trends in the economic, political, social, legal and regulatory climate that could affect the business of the Group.

4.4 Independent Non-Executive Directors

The Independent Non-Executive Directors shall provide independent judgment and objectivity without being subordinated to operational considerations. The Independent Non-Executive Directors help to ensure that the interests of all shareholders, not only the interests of a particular group, and all relevant matters and issues are objectively and impartially considered by the Board.

The roles of an Independent Non-Executive Director, amongst others, are as follows:-

- (a) provide independent judgement on issues relating to strategy, performance, resource allocation and standards of conducts;
- (b) participate actively in meetings, giving independent views in a constructive manner and bringing an element of objectivity to the Board's decision making;
- (c) provide a check and balance to the Board.

4.5 Senior Independent Non-Executive Director

The roles and responsibilities of the Senior Independent Non-Executive Director include the following:-

- (a) ensure all Independent Non-Executive Directors have an opportunity to provide input on the agenda;
- (b) advise the Chairman on the quality, quantity and timeliness of the information submitted by Management that is necessary or appropriate for the Independent Non-Executive Directors to perform their duties effectively;
- (c) consult the Chairman regarding Board meeting schedules to ensure the Independent Non-Executive Directors can perform their duties responsibly and with sufficient time for discussion of all agenda items;
- (d) serve as the principal conduit between Independent Non-Executive Directors and the Chairman on sensitive issues.
- (e) serve as a designated contact for consultation and direct communication with shareholders on areas that cannot be resolved through the normal channels of contact with the Chairman or Executive Directors.

4.6 GED

The GED is responsible for leading the development and execution of the Group's long term strategy with a view to creating shareholder value. The GED's leadership role also entails being ultimately responsible for all day-to-day management decisions and for implementing the Group's long and short term plans. The GED acts as a direct liaison between the Board and Management of the Company and communicates to the Board on behalf of Management. The GED also communicates on behalf of the Company to shareholders, employees, Government authorities, other stakeholders and the public.

More specifically, the duties and responsibilities of the GED include the following:

- (a) to lead, in conjunction with the Board, the development of the Group's strategy;
- (b) to lead and oversee the implementation of the Group's long and short term plans in accordance with its strategy;

- (c) to ensure the Group is appropriately organized and staffed and to have the authority to hire and terminate staff as necessary to enable it to achieve the approved strategy;
- (d) to ensure that expenditures of the Group are within the authorized annual budget of the Company;
- (e) to assess the principal risks of the Group and to ensure that these risks are being monitored and managed;
- (f) to ensure effective internal controls and management information systems are in place;
- (g) to ensure that the Group has appropriate systems to enable it to conduct its activities both lawfully and ethically;
- (h) to ensure that the Group maintains high standards of corporate governance and social responsibility wherever it does business;
- (i) to act as a liaison between Management and the Board;
- (j) to communicate effectively with shareholders, employees, Government authorities, other stakeholders and the public;
- (k) to keep abreast of all material undertakings and activities of the Group and all material external factors affecting the Group and to ensure that processes and systems are in place to ensure that the GED and Management are adequately informed;
- (l) to ensure that the Directors are properly informed and that sufficient information is provided to the Board to enable the Directors to form appropriate judgment;
- (m) to ensure the integrity of all public disclosure by the Company;
- (n) in concert with the Chairman, to develop Board agenda items;
- (o) to request that special meetings of the Board be called when appropriate;
- (p) in concert with the Chairman, to determine the date, time and location of the annual meeting of shareholders and to develop the agenda for the meeting;
- (q) to sit on committees of the Board where appropriate as determined by the Board; and
- (r) to abide by specific internally established control systems and authorities, to lead by personal example and encourage all employees to conduct their activities in accordance with all applicable laws and the Group's standards and policies, including its environmental, safety and health policies.

5. BOARD COMMITTEES

The Board may from time to time establish Committees as it may consider appropriate to assist the Board in carrying out its duties and responsibilities. The Board delegates certain functions to the following Committees to assist in the execution its duties and responsibilities:

- (a) Audit Committee;
- (b) Nominating Committee;
- (c) Remuneration Committee
- (d) Board Risk Management Committee

The Committees shall operate under clearly defined terms of reference. The Committees are authorised by the Board to deal with and deliberate on matters delegated to them within their terms of reference. The Chairman of the respective Committees reports to the Board on the outcome of the Committee meetings and such minutes will be included in the Board papers.

6. FINANCIAL REPORTING

In presenting the financial performance during quarterly reporting and at the end of the financial year, the Board aims to provide a balanced, clear and meaningful assessment of the Group's financial performance and prospects.

The Board shall ensure that the financial statements are prepared in accordance with the approved accounting standards and the Companies Act, 2016, so as to give a true and fair view of the state of affairs of the Company and the Group.

7. MANAGEMENT OF RISKS

The Board regards risk management as an integral part of the business operation and considers good risk management a key factor in the development of corporate strategies and investment decisions. The objective of risk management is to identify, assess, manage and monitor the risks to which the business is exposed - internally and externally.

The Board must appreciate the business risks and key performance indicators affecting the ability of the Company to achieve its strategic goals and objectives.

The Board must ensure that appropriate systems are in place to manage the identified risks, measure the impact and to proactively manage it, so that the Company's assets and reputation are suitably protected.

8. COMPANY SECRETARY

The appointment or removal of Company Secretary or Secretaries of the Board shall be the prerogative of the Board as a whole. The Secretary appointed should be suitably qualified and competent in order to support the Board in carrying out its roles and responsibilities. The Company Secretary shall ensure Board proceedings are followed in compliance with relevant laws, regulations and requirements.

9. BOARD MEETINGS

The Board shall conduct at least four (4) scheduled meetings annually, with additional meetings to be convened as and when necessary. The Constitution of the Company stipulates the procedures for convening board meetings and the board size and the quorum for board meetings.

Board meeting agendas shall be the responsibility of the Chairman with input from Board Members and the Company Secretary. The Chairman may also ask Management to participate in this process.

Management is responsible for providing the Board with the required information in an appropriate and timely manner.

Full Board minutes of each Board meeting shall be kept by the Company Secretary and be available for inspection by any Director during office hours.

10. ACCESS TO INDEPENDENT ADVICE AND INFORMATION

The Directors, collectively or individually, have unrestricted access to the advice of the Company Secretary and senior Management and may also seek independent professional advice and information in the furtherance of their duties and responsibilities at the Company's expense, so as to ensure that the Directors are able to make independent and informed decisions.

Fees for independent professional advice shall be payable by the Company subject to the following:-

- (a) first, discuss with the Chairman;
- (b) provide a written notice to the Company Secretary of his intention to seek independent advice with brief summary of the subject matter; and
- (c) the Board shall be notified and approval be obtained prior to the engagement of the professional advisors.

Independent advice sought shall exclude those of personal interests relating to the Director's personal disputes in matters that are not related to or affect the Board or the Company as a whole.

11. RELATIONSHIP WITH SHAREHOLDERS, INSTITUTIONAL INVESTORS & MEDIA

The Board shall communicate and interact regularly via different platforms such as Company's annual general meetings, media interviews, road shows and announcements to Bursa Malaysia Securities Berhad in updating the Company's performance to shareholders and stakeholders.

12. CODE OF ETHICS, NO GIFT POLICY AND ANTI-BRIBERY AND CORRUPTION POLICY

The Directors shall be guided by and shall observe the Code of Ethics, No Gift Policy and Anti-Bribery and Corruption Policy of the Company.

13. SUSTAINABILITY AND SOCIAL RESPONSIBILITY

The Board recognises the need for strategies and plans to promote and contribute towards sustainable development, with particular focus on the environmental, social and governance aspects of the business.

The Company shall constantly strive to maintain a safe and conducive work environment for its employees and adopts documented policies and procedures as part of its commitment towards Quality, Health, Safety and Environment.

14. REVIEW OF THE BOARD CHARTER

This Board Charter was adopted by the Board on 21 April 2014 and last reviewed on 28 February 2020. The Board Charter shall be periodically reviewed 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 duties and responsibilities.

The Board Charter is made available for reference in the Company's website at www.picorp.com.my.