



WASCO BERHAD

(FORMERLY KNOWN AS WAH SEONG CORPORATION BERHAD)

**[Registration No. 199901020946 (495846-A)]
(Incorporated in Malaysia)**

BOARD CHARTER

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BOARD CHARTER

1. OVERVIEW

The Board Charter sets out the principal functions, composition, roles and responsibilities of the Board of Directors of Wasco Berhad (formerly known as Wah Seong Corporation Berhad) ("**Wasco Berhad**" or "**Company**") and also the functions and responsibilities delegated to the Board Committees as well as to the Management of Wasco Berhad and its Group.

The Board of Directors of Wasco Berhad is primarily responsible for ensuring that the principles of good corporate governance are practiced and appropriate corporate governance structure is in place in Wasco Berhad and its Group in creating, protecting and enhancing shareholders' and stakeholders' values and in promoting sustainability.

The Board of Directors of Wasco Berhad has a duty of being effective steward and guardian of the Company in setting strategic directions and in overseeing the conduct of business and also in ensuring that the Company is in compliance with laws and ethical values and maintains an effective governance structure to ensure the appropriate management of risks and level of internal controls.

This Board Charter sets out the standard and principles governing the Board processes and outlines the roles, functions and responsibilities of the Board in accordance with the authority conferred by the Company's Constitution along with the provisions of the Companies Act, 2016 ("**Act**"), Bursa Malaysia Securities Berhad ("**Bursa Securities**") Main Market Listing Requirements ("**MMLR**"), Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries issued by Securities Commission Malaysia, Section 17A under the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018) and the principles set out in the Malaysian Code on Corporate Governance 2021 ("**MCCG 2021**").

2. OBJECTIVES

The objectives of the Board Charter are to ensure that the members of the Board are aware of their roles, duties and responsibilities and the application of principles and practices of good corporate governance in their business conduct and dealings in respect of, and on behalf of the Company and the various laws and legislations governing them and the Company.

3. THE BOARD OF DIRECTORS

3.1 ROLES AND RESPONSIBILITIES

The Board of Directors takes full responsibility for the overall performance of the Company and its Group and its obligations to the Company's shareholders and stakeholders. The principal roles and responsibilities of the Board members are as follows:-

1. Review, challenge and decide on the Management's strategic proposals, plans and directions of Wasco Berhad and its Group and to monitor the implementation of such proposals, plans and directions by the Management.
2. Review and adopt corporate objectives of Wasco Berhad and its Group which includes performance targets and long-term and medium-term goals.
3. Set appropriate values and standards for Wasco Berhad and its Group.
4. Supervise and assess Management's performance in managing the businesses of the Wasco Berhad Group.
5. Oversee the resources and operational conducts of Wasco Berhad and its Group's businesses and to determine whether the businesses are being properly managed.
6. Identify principal risks of the Wasco Berhad Group and to ensure the implementation of appropriate and sound framework for internal control and mitigation measures.
7. Succession planning for Senior Management, including the implementation of appropriate systems for recruiting, training, determining the appropriate compensation benefits and where necessary replacing any member of the Board and Senior Management.
8. Oversee the development and implementation of a shareholders' communication policy or investors' relations program for the Company, to enable effective communications with its shareholders and stakeholders.
9. Review the adequacy and integrity of the Group's financial, internal control systems and management information systems which includes appropriately sound framework/systems of reporting and to ensure regulatory compliance with applicable laws, regulations, rules, directives and guidelines.
10. Delegate certain responsibilities to the various Board Committees with clearly defined terms of reference to assist the Board in discharging its responsibilities.
11. Promote together with the Senior Management, good corporate governance culture within the Group which reinforce ethical, prudent and professional behavior.

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- Board Charter (cont.)

12. Take responsibility together with the Senior Management for the governance of sustainability in Wasco Berhad including setting the Wasco Berhad's sustainability strategies, priorities and targets.
13. Oversee the governance of sustainability and in setting Wasco Berhad and its Group's sustainability strategies, priorities and targets which encompasses economics, environment, social and governance aspects.
14. Take into account sustainability considerations when exercising its duties such as the development and implementation of Wasco Berhad strategies, business plans, major plans of action and risk management.
15. Ensure that the Wasco Berhad's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.
16. Ensure that Wasco Berhad's statutory/financial reporting and disclosures are timely to the relevant regulatory/governmental authorities, stakeholders and shareholders and the quality, accuracy and completeness of the contents thereof.

3.2 POWERS AND DUTIES

1. The Directors may exercise all such powers of the Company and do all such acts on behalf of the Company in managing the business of the Company within the scope of the Company's Constitution and of the Companies Act, 2016 and their subsequent amendments thereto.
2. The Board to establish written procedures in determining the relevant issues which require the decision of the Board and issues which can be delegated to the Board Committees or to the Management.
3. The Board has full decision-making powers on the following matters:-
 - (a) Conflict of interest issues relating to a substantial shareholder or a Director.
 - (b) Material acquisitions and disposals of assets (including shares) which are not in the ordinary course of business of Wasco Berhad and its Group.
 - (c) Investments in capital projects, major capital expenditure and capital management.
 - (d) Authority levels.
 - (e) Annual operating budgets.
 - (f) Corporate strategies.
 - (g) Treasury policies.

- (h) Risk Management policies.
 - (i) Key Human Resource issues.
 - (j) Any other issues which may be decided by the Board from time to time.
4. The Directors shall at all times act in good faith and in the best interest of the Company and exercise due care and diligence in the discharge of their duties.
 5. The Directors must cause to be kept the accounting records and other records to sufficiently explain the business, transactions and financial position of the Company and its subsidiaries and to enable the preparation of true and fair financial statements.
 6. The Directors must ensure there is an adequate group wide framework for co-operation and communication between the Company and its subsidiaries to enable it to discharge its responsibilities including oversight of group financial and non-financial performance, business strategy and priorities, risk management including material sustainability risks, and corporate governance policies and practices.
 7. The Directors must establish and ensure the group wide framework on corporate governance include the code of conduct and ethics, policies and procedures on anti-corruption, whistle blowing, managing conflict of interest, managing material sustainability risks and board diversity including gender diversity.
 8. The Directors should contribute their independent judgement in any decision-making of the Board.
 9. The Independent Directors should provide independent judgement, experience and objectivity in decision-making without being subordinated to operational considerations.
 10. The Independent Directors should help to ensure that the interests of all shareholders are taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board.
 11. The views of the Independent Directors should carry significant weight in the Board's decision-making process.
 12. The Board to undertake an assessment of its Independent Directors annually.
 13. The Board to formalise ethical standards through a code of conduct and ensure implementation of appropriate internal systems to support, promote and ensure its compliance that should include appropriate communication and feedback channels which facilitates whistle-blowing.

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14. The Board is guided by the Company Directors' Code of Ethics established and approved by the Board on 27 November 2018 and reviewed by the Board from time to time. The said Code is established based on the principles of transparency, integrity, accountability and corporate social responsibilities in enhancing the standard of corporate governance and corporate behavior.
15. The Board is able to understand financial statements and form a view on the information presented.
16. The Board should have sufficient understanding and knowledge of sustainability issues that are relevant to the Company and in determining the necessary professional development needs in respect of area concerning sustainability and the right composition of skills matrix in order to strengthen the board leadership and oversight on sustainability issues.

4. BOARD COMPOSITION AND SIZE

The Board determines the Board size and composition, subject to limits imposed by the Company's Constitution. The Constitution provides for a minimum of three (3) directors and a maximum of fifteen (15).

At least one-third (1/3) of the Board shall comprise of Independent Directors as defined in paragraph 1.01 of the MMLR of Bursa Securities, and have at least one (1) woman Director on the Board. In the event the number of Directors is not three (3) or in the multiples of three (3), then the number nearest to one-third (1/3) shall be used. The Board shall comply with the Bursa Securities MMLR as may be amended from time to time in respect of the composition of the Board.

The composition of the Board shall reflect the level of investment in the Company by shareholders apart from the largest shareholders. The Board shall have a balance mix of skills, knowledge and expertise to ensure its effectiveness.

There are currently nine (9) Directors on the Board of Wasco Berhad comprising five (5) Non-Independent Non-Executive Directors, one (1) of whom is the Chairman, one (1) Executive Director who is the Group Chief Executive Officer ("**CEO**")/Managing Director and three (3) Independent Non-Executive Directors.

The Executive Director together with the Management Team are responsible for the making and implementing of operational decisions. The Non-Executive Directors play a key supporting role in contributing their skills, expertise and knowledge towards the formulation of the Group's strategic and corporate objectives, policies and decisions.

There is a separation of the role between the Company's Chairman and that of the Group CEO/Managing Director to ensure a clear division of responsibilities and a balance of control, power and authority.

The Chairman of the Board does not serve on the Audit Committee, Nomination and Remuneration Committee and Governance, Compliance and Risk Committee to ensure check and balance as well as objective review by the Board.

A Director has the duty to notify the Chairman of the Company before accepting any new directorship appointment with the indication of time that he/she would spend on his/her new appointment.

However, no person shall be appointed, re-appointed, elected or re-elected as a Director on the Board or continue to serve as a Director if the person is or becomes an active politician.

Tenure of Independent Non-Executive Director

The tenure of an Independent Non-Executive Director should not exceed a cumulative period of twelve (12) years. Upon completion of the twelfth (12th) year, an Independent Non-Executive Director may continue to serve on the Board as a Non-Independent Director.

However, if the Board intends to retain an Independent Non-Executive Director beyond nine (9) years, it shall justify and seek annual shareholders' approval through a two-tier voting system. Under the two-tier voting system, shareholders' votes will be cast in the following manner at the same shareholders' meeting:

- Tier 1: Only the Large Shareholder(s) of the Company votes; and
- Tier 2: Shareholders other than Large Shareholder(s) votes.

Large Shareholder means a person who:

- Is entitled to exercise, or control the exercise of, not less than 33% of the voting shares in the Company;
- Is the largest shareholder of voting shares in the Company;
- Has the power to appoint or cause to be appointed a majority of the Directors of the Company; or
- Has the power to make or cause to be made, decisions in respect of the business or administration of the Company; and to give effect to such decisions or cause them to be given effect to.

The decision for the resolution is determined based on the vote of Tier 1 and a simple majority of Tier 2. If there is more than one (1) Large Shareholder, a simple majority of votes determine the outcome of the Tier 1 vote.

The resolution is deemed successful if both Tier 1 and Tier 2 votes support the resolution. However, the resolution is deemed to be defeated if the vote between the two tiers differs or where Tier 1 voter(s) abstained from voting.

In such circumstances, the Independent Non-Executive Directors who are subjected to the two-tier voting system will automatically be redesignated as Non-Independent Non-Executive Directors of the Company.

The Nomination and Remuneration Committee and the Board will continue to source for suitably qualified, credible and calibre candidates to assume the positions of the existing Independent Non-Executive Directors whom have exceeded the tenure of nine (9) years. In the event that the Nomination and Remuneration Committee and

the Board failed to identify suitable candidates to assume the Independent Non-Executive Directorships, the Board will explain the departure from Practice 5.3 of the MCCG 2021 in the Corporate Governance Report which is required to be submitted to Bursa Securities together with the Company's Annual Report.

The Board is also guided by the Company's Diversity Policy that is reviewed and updated from time to time. The said Policy acknowledges the importance of diversity in respect of gender, ethnicity and age in its Boardroom, Senior Management and work force with the objectives of enhancing sustainable growth and development and in promoting better corporate governance.

5. CHAIRMAN

The Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of its role. The Chairman is responsible for:

- a) leading the Board in setting the values, standards and good corporate governance practices of the Company;
- b) maintaining a relationship of trust with and between the Executive and Non-Executive Directors;
- c) ensuring the provision of accurate, timely and clear information to members of the Board;
- d) ensuring effective communication with shareholders and relevant stakeholders and that their views are communicated to the Board as a whole;
- e) arranging regular evaluation of the performance of the Board, its Committees and individual Directors;
- f) facilitating the effective contributions of all members of the Board by allowing dissenting views to be freely expressed;
- g) managing the interface between members of the Board and the Management by acting as the conduit between them in ensuring the success of the Company's governance and management functions;
- h) leading the Board in its collective oversight of the Board Committees and Management.

The Chairman, in consultation with the Group CEO and the Group Company Secretary, sets the agenda for Board meetings and ensures that all relevant issues are on the agenda.

The Chairman is responsible for managing the business of the Board to ensure that:

- all Directors are properly briefed on issues arising at Board meetings.
- sufficient time is allowed for the discussion of complex or contentious issues

and, where appropriate, arranging for informal meetings beforehand to enable thorough preparation for the Board discussion.

The Chairman ensures that every Board resolution is put to vote by the Directors to ensure the will of the majority prevails.

The Chairman will have a casting vote in the event of an equality of votes except where only two Directors form a quorum and where only two Directors are competent to vote on the question at issue.

The Chairman of the Board does not serve on the Audit Committee, Nomination and Remuneration Committee and Governance, Compliance and Risk Committee to ensure check and balance as well as objective review by the Board.

6. CHIEF EXECUTIVE OFFICER

The CEO has the executive responsibility for the day-to-day operations and management of the Company's businesses with all powers, discretions and delegations authorised from time to time by the Board.

There is a clear separation of roles and responsibilities between the Chairman and the Chief Executive Officer to ensure a division of responsibilities and a balance of control, power and authority.

All Board authorities conferred on the Management is delegated through the CEO and this will be considered as the CEO's authority and accountability as far as the Board is concerned.

The CEO implements the policies, strategies and decisions adopted by the Board.

The appointment of a CEO and Managing Director shall be for a period not exceeding five years subject to reappointment and on such terms as the Board thinks fit.

7. ROLE OF INDIVIDUAL DIRECTORS

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

- (i) acting in good faith and in the best interests of the Group;
- (ii) demonstrating good stewardship and acting in a professional manner with sound mind;
- (iii) acting with reasonable care, skill and diligence subject to the business judgement rule;
- (iv) avoiding conflicts of interest with the Group in a personal or professional capacity, including improper use of the property, information, opportunity or position as a Director or officer of the Group;
- (v) ensuring Board information, discussions, deliberations and decisions that are not publicly known are not used for personal interest, or their employers'

- interest;
- (vi) disclosure of and abstaining from voting on matters of material personal interest;
- (vii) exercising greater vigilance and professional scepticism in understanding and shaping the strategic direction of Wasco Berhad and/or Group; and
- (viii) compliance with the Act, securities legislation and Bursa Securities MMLR.

Every Director shall devote sufficient time to prepare for and attend Board meetings, Committee meetings, Directors' continuous training programme and briefings.

Every Director must keep abreast of his responsibilities as a Director and of the conduct, business activities and development of Wasco Berhad Group.

Every Board member should ensure that the minutes of meetings accurately reflect the deliberations and decisions of the Board, including whether any Director abstained from voting or deliberating on a particular matter.

8. SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

The Senior Independent Non-Executive Director shall act as a sounding board for the Chairman, an intermediary for the other Board members when necessary and the point of contact for the shareholders and/or stakeholders on concerns relating to the Company and Group.

9. BOARD COMMITTEES

To assist the Board in fulfilling its duties and responsibilities, the Board has established six (6) Committees as follows:-

1. Audit Committee
2. Nomination and Remuneration Committee
3. Governance, Compliance and Risk Committee
4. Risk Management Committee
5. Integrity Committee
6. Sustainability Steering Committee

Each Committee has a formal Terms of Reference and has its own functions and delegated roles, duties and responsibilities.

Each Committee has an obligation to report on its Meetings and deliberations to the Board and the minutes of all Committee Meetings are tabled to the Board Meetings for the Directors to take note.

Independent and Non-Executive Directors play a leading role in the first three committees above.

9.1 AUDIT COMMITTEE

The Audit Committee assists the Board in regards to the following:-

- Assess the Group's processes relating to its risks and control environment.
- Oversee financial reporting.
- Evaluate the internal and external audit processes.
- Assess and evaluate the competency, deliverables, performance and independence of internal and external auditors.
- Evaluate the external auditors' fees.
- Ensure that financial statements comply with applicable financial reporting standards.
- Establish policies and procedures to assess the suitability and independence of the External Auditors.
- Decide on the appointment/removal, scope of work, performance evaluation and budget for the internal audit function.
- Ensure the internal audit function is effective and able to function independently.
- Review any related party transaction and conflict of interest situation that arise, persist or may arise within the Company or the Group, including any transaction, procedure or course of conduct that raises question on Management integrity, and the measures taken to resolve, eliminate, or mitigate such conflicts.

9.2 NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee assists the Board in regards to the following:-

- Recommend to the Board candidates for all directorships to be filled by the shareholders or the Board after considering the candidates' skills, knowledge, expertise and experience; professionalism; integrity and in the case of candidates for the position of Independent Non-Executive Directors, to evaluate the candidates' ability to discharge such responsibilities/functions as expected from the Independent Non-Executive Directors.
- Consider in making its recommendations, candidates for directorship proposed by the Chief Executive Officer and within the bounds of practicability, by any other senior executive or any director or shareholder.
- Consider utilizing independent sources in the event suitable candidate could not be sourced from recommendations.
- Recommend to the Board, directors to fill the seats on Board Committees.
- Develop criteria to be used for recruitment process, annual assessment of Directors and also assessment of independence.
- Review Board's succession plans.
- Set the policy framework and recommend to the Board, the remuneration of the Executive Directors and Senior Management in all its forms, drawing from outside advice as necessary with the objective of ensuring:-

- (a) that the Company's Executive Directors and Key Senior Management are fairly rewarded for their individual contributions to the Company's overall performance.
 - (b) that the levels of remuneration are sufficient to attract and retain the Directors and Key Senior Management needed to run the Company successfully.
 - (c) that the levels of the remuneration of the Directors and Senior Management should take into account the Company's intention to attract and retain the right talents to drive the Company's long-term objectives.
 - (d) that the levels of remuneration for Directors and Senior Management are based on the Company's performance in managing material sustainability risks and opportunities.
- Determine the remuneration packages of Non-Executive Directors, including that of the Non-Executive Chairman which should be a matter of the Board as a whole.
 - Individual Directors concerned should abstain from discussion on their own remuneration.

9.3 GOVERNANCE, COMPLIANCE AND RISK COMMITTEE

The Governance, Compliance and Risk Committee assists the Board in regards to the following:-

- Assists the Board of Directors to fulfil its corporate governance and oversight responsibilities in relation to the relevant Acts, Laws, Requirements, Codes, Regulations and Policies governing the Company
- Oversees the development and implementation of the Group's sustainability-related framework, anti-bribery and corruption compliance, risk management framework and its related policies.
- Investigates any matters within its terms of reference and as authorized by the Board, including seeking any information from any parties and to obtain outside legal or other independent professional advice at the Company's expense if the GCRC considers necessary.
- Reports and updates the Board on matters and findings of the GCRC and makes the necessary recommendations to the Board within its terms of reference or as authorised by the Board.

9.4 RISK MANAGEMENT COMMITTEE

The Risk Management Committee is a sub-committee of the Governance, Compliance and Risk Committee and is guided by the Risk Management Committee Charter and Framework and which assists the Board in regards to the following:-

- To provide assurance to the Board that a sound risk management and internal control system are in place and in accordance with the regulatory and authorities requirements.

- To implement the processes for identifying, evaluating, monitoring and reporting of risks and internal controls.
- To establish an effective risk management and internal control framework.

9.5 INTEGRITY COMMITTEE

Pursuant to Section 17A under the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018), the Company has formed an Integrity Committee in September 2020 to be responsible for all anti-corruption compliance matters, including provision of advice and guidance to personnel and business associates in relation to the corruption programme.

The Integrity Committee is a sub-committee of the Governance, Compliance and Risk Committee and assists the Board in regards to the following:-

- Establish, maintain and review the policies and standard operating procedures in relation to anti-bribery, corruption, whistle blowing and non-financial risks.
- Raise awareness, monitor and to continually advise the Board and the management on the anti-bribery, corruption and regulatory compliances.
- Review the adequacy of compliance programme and the implementation of relevant anti-bribery and corruption control measures.
- Identify the bribery and corruption risks and prepare the bribery risk assessment.

9.6 SUSTAINABILITY STEERING COMMITTEE

The Sustainability Steering Committee is established to support and assist the Board in the oversight of the responsibilities towards the Group's ongoing commitments and initiatives on its sustainability which encompasses the economics, environment, social and governance aspects to be in line with the Group's vision, mission and values. The Committee is a sub-committee of the Governance, Compliance and Risk Committee.

The Committee is involved in the development, execution, oversight, monitoring and assessing of the Group's sustainability strategies, priorities, goals, targets, performances, adequacies and related systems, framework, charter and policies.

The Committee is responsible to ensure timely and efficient communication and reporting of its sustainability reports, sustainability related statements and disclosures to the relevant regulatory/government authorities, stakeholders and shareholders as well as ensuring the quality, accuracy and completeness of the contents thereof.

10. MATTERS RESERVED FOR 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:-

- (a) Approval of the quarterly results and semi-annual returns for the announcement/submission to the Bursa Securities and the Securities Commission ("**SC**").

- (b) Approval of the Directors' Report and Audited Financial Statements and the authorisation of signatory for Statement by Directors and Statutory Declaration.
- (c) Approval of the agendas for Annual General Meeting ("**AGM**") and Extraordinary General Meeting ("**EGM**").
- (d) To approve the payment of interim dividend.
- (e) To recommend the payment of final dividend for shareholders' approval.
- (f) To propose the payment of directors' fees for shareholders' approval.
- (g) Approval for the formation of the Audit Committee, Executive Committee, Risk Management Committee, ESOS Committee, Remuneration Committee, Nomination Committee and such other Committee(s) and the committee members thereon.
- (h) Approval of the appointment, resignation and retirement of Directors.
- (i) Approval of the appointment and resignation of the Group Company Secretary.
- (j) To review and approve the acquisitions, joint ventures or disposal of a business undertaking or property of a substantial value pursuant to Section 223 of the Act (5% or more of the net assets of the Company or subsidiary as the case maybe based on Bursa Securities MMLR.)
- (k) To review and approve related party transactions and recurrent related party transactions.
- (l) To review and approve the circulars and prospectus to shareholders.
- (m) To approve the Annual Report (including the review and approval of the Statement on Risk Management and Internal Control, Directors' Responsibility Statement, Corporate Governance Overview Statement, Sustainability Statement, Management Discussion and Analysis and Corporate Governance Report).
- (n) To approve the issuance of new shares pursuant to Sections 75 & 76 of the Act.
- (o) To review and recommend the change of Company's name, amendment of object clauses and Constitution for shareholders' approval.
- (p) To review whether the Board's representation satisfies the requirement to fairly reflect the investment of the minority shareholders in the Company other than the significant shareholders.
- (q) To review the required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board and assessing the effectiveness of the Board as a whole.

- (r) To examine the size of the Board with a view to determine the impact of the number upon its effectiveness.
- (s) To review and approve any new business ventures which are principally different from the Group's existing business.
- (t) To approve the opening and closing of the Company's bank accounts and the authorised signatories.
- (u) To accept credit facilities and to approve the issuance of corporate guarantees.
- (v) To review and recommend the appointment or re-appointment or termination of the External Auditors for shareholders' approval.
- (w) To review and approve the appointment or termination of the Internal Auditors.
- (x) To approve the change of registered office and share registrar.
- (y) To approve the creation of charge or debenture of the Company's assets.
- (z) To approve the purchase or disposal of subsidiaries or associate companies subject to item (j) above.
- (aa) To review and ensure compliance on all relevant legal, tax and regulatory obligations.
- (ab) To review and where applicable, to approve and endorse recommendations of the Board Committees.
- (ac) To review and monitor the systems of risk management and internal control framework and procedures, anti-bribery and corruption policy and framework, codes of conducts, whistle blowing policy, dividend policy, continuous disclosure policy, regulatory and legal compliance, Directors' Code of Ethics, diversity policy and other significant corporate policies.
- (ad) To approve and monitor financials and other reporting and/or dissemination of information to the market, shareholders, employees and other stakeholders.
- (ae) To approve any other matters that the Board may deem appropriate and necessary from time to time.

11. BOARD MEETINGS AND PROCEDURES

The Board shall meet at least 4 times in a financial year and has a formal schedule of matters reserved for the Board to decide. Additional Board meetings are held as and when required. The quorum for the Board meeting shall be three (3) members.

The Notice of Meetings together with the relevant Board papers compiled by the Group Company Secretary shall be circulated to all the Directors at least five (5) working days before the meeting unless the Directors agree to a shorter notice.

The Directors ensure that the minutes of meetings accurately reflect the deliberations and decisions of the Board, including any dissenting views and if any Director has abstained from voting or deliberating on a particular matter.

The Directors may from time to time elect a Chairman. In the event the Chairman is not present within fifteen (15) minutes after the time appointed for holding the same, the Directors present shall choose one of their members to act as Chairman for the Meeting.

Every Director shall disclose his interest whether direct or indirect in any contract or proposed contract entered into with the Company.

No Director shall vote in respect of any contract or proposed contract or arrangement in which he is directly or indirectly interested unless such arrangements involve rights issue, bonus issue and dividend payment.

In accordance with Clause 163 of the Constitution of the Company, a resolution in writing signed or approved by letter, telegram, telex, telefax, facsimile or e-mail by the majority of the Directors who are present in Malaysia, shall be valid and effectual as if it had been passed at a meeting of the Directors.

Pursuant to Clause 164 of the Constitution of the Company, formal documents such as commercial agreements, tenancy agreements, Board resolutions, Board minutes and official communications via letters can be signed and executed using electronic signature as provided for in accordance with the Electronic Commerce Act 2006 and Digital Signature Act 1997 and their subsequent amendments and revisions thereto.

12. DIRECTORS' APPOINTMENT AND RETIREMENT

In accordance with the Company's Constitution, at the first AGM of the Company, all the Directors shall retire from office, and at the AGM in every subsequent year, one-third (1/3) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3), shall retire from office.

Provided always that all Directors shall retire from office at least once in every three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires whether adjourned or not.

The Directors to retire in each year shall be those who, being subject to retirement by rotation, have been longest in office since their last election or appointment, but as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

Any appointment of new Directors and the re-election/re-appointment of Directors who are retiring pursuant to the Company's Constitution shall be deliberated and recommended by the Nomination Committee to the Board for the Board's decision and approval.

No person shall be appointed, re-appointed, elected or re-elected as a Director on the Board or continue to serve as a Director if the person is or becomes an active politician. A person is considered an "active politician" if he is a Member of Parliament, State Assemblyman or holds a position at the Supreme Council or division level in a political party.

Pursuant to the MMLR of Bursa Securities, the directorships entitled to be held by any Board member at any one time shall not exceed five (5) in listed companies or any other composition or number of companies as may be determined by Bursa Securities from time to time.

The Directors' Fit and Proper Policy is established on 23 May 2022 to guide the Nomination Committee, the Managing Director/ Group Chief Executive Officer and Deputy Managing Director in the appointment and re-appointment/ re-election of Directors, Chief Executive Officers and Chief Financial Officers of the Wasco Berhad Group based on a list of fit and proper criteria.

The terms of the Directors' Fit and Proper Policy are reviewed and updated from time to time to ensure that they are relevant and in line with the requirements of all relevant acts, rules and guidelines currently in force. The Directors' Fit and Proper Policy is available on the Company's website at www.wascoenergy.com.

13. ALTERNATE DIRECTORS

A Director may from time to time nominate a person, not being a Director, to act as his alternate, at his discretion, to remove such alternate Director but the appointment shall not take effect until approved by a majority of the other Directors. An alternate Director so appointed shall be entitled to receive from the Company such proportion (if any) of the remuneration otherwise payable to his/her appointor as such appointor may by notice in writing to the Company from time to time direct, but save as aforesaid, he/she shall not in respect of such appointment be entitled to receive any remuneration from the Company.

The alternate Director shall be entitled to receive notices of all meetings and to attend, speak and vote at any such meetings of Directors at which his appointor is not personally present. Any appointment so made may be revoked at any time by the appointor or by a majority of the Directors, and any appointment or revocation shall be effected by a notice in writing to be delivered to the Group Company Secretary. An alternate Director shall ipso facto cease to be an alternate Director if his appointor for any reason ceases to be a Director.

14. VACATION OF OFFICE OF DIRECTORS

The office of Director shall, ipso facto, be vacated:-

- (a) if he/she ceases to be a Director by virtue of the Act;
- (b) if (not being the Chief Executive Officer or the Managing Director holding office as such for a fixed term) he/she resigns his/her office by notices in writing under his/her hand sent to or left at the Registered Office;
- (c) if he/she is removed from his/her office of Director by resolution of the Company in general meeting of which special notice has been given;
- (d) if he/she becomes of unsound mind during his/her term of office;
- (e) if he/she has becomes bankrupt during his/her term of office; or
- (f) if he/she becomes prohibited from being a Director by reason of any order made under the provisions of the Act or contravenes Section 198 of the Act.

15. REMUNERATION OF DIRECTORS

The Directors shall be paid by way of remuneration for their services rendered. The fees payable to the Directors shall be such fixed sum as shall from time to time be determined by an ordinary resolution of the Company in general meeting and shall (unless such resolution otherwise provided) be divisible among the Directors in such proportions as they may agree, or, failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such fees are payable shall be entitled only to rank in such division for a proportion of the fees related to the period during which he/she has held office, provided always that:-

- (a) fees payable to Non-Executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover;
- (b) salaries payable to Executive Directors may not include a commission on or percentage of turnover;
- (c) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting; and
- (d) any fee paid to an alternate Director shall be agreed upon between himself/herself and the Director nominating him/her and shall be paid out of the remuneration of the latter.

The Directors shall be entitled to be reimbursed for all travelling or such reasonable expenses as may be properly and necessarily incurred in attending and returning from meetings of the Directors or of any committee of the Directors or general meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as Directors.

The Nomination and Remuneration Committee shall set the policy framework for the remuneration of the Executive Directors and deliberate on the remuneration packages of Non-Executive Directors including that of the Non-Executive Chairman and shall then give their recommendation to the Board for the Board's decision and approval. It is the decision of the Board in establishing formal and transparent remuneration policies and procedures to attract and retain Directors.

16. DECLARATION OF INTEREST/CONFLICT OF INTEREST

In view of the diversity of the business activities of the Group, the Directors are expected to minimise the possibility of conflict of interest ("**COI**") in their involvement with the Group by restricting their involvement in businesses that could lead to a conflict of interest situation.

The Conflict of Interest Policy was established on 27 February 2024 to ensure that actual, potential and perceived COI are identified and managed effectively, and to provide guidance on dealing with COI situations as they arise and protect the Group's interest, while assisting the directors and employees to perform with high integrity and ethical standards.

In the event of the occurrence of a conflict of interest situation, the particular Director shall declare his/her interests and abstain himself/herself from Board discussions and deliberations and voting in respect of those resolutions/interests.

A Director who is in any way, whether directly or indirectly interested in a contract or proposed contract with the Company shall declare the nature of his/her interests in accordance with the provisions of the Act. Every Director shall give notice to the Company of such events and matters relating to himself as may be necessary or expedient to enable the Company and its officers to comply with the requirements of the Act.

The Audit Committee would review the actual, potential and/or perceived COI declared by the Directors and Key Senior Management to determine the COI disclosed and the measure(s) required to be taken to resolve, eliminate or mitigate the conflicts (if any) before the details of the COI are reported to the Board.

17. ACCESS TO THE ADVICE AND SERVICES OF THE GROUP COMPANY SECRETARY

The Board members have access to all information within the Company and the Group and to the professional advice and services of its qualified and competent Group Company Secretary in the course of discharging their duties and responsibilities and in fulfilling their obligation to statutory requirements, the Bursa Securities MMLR and other applicable laws, rules and regulations, either as a full Board or in their individual capacity.

18. INDEPENDENT ADVICE

A Director of the Company, after consultation with the Non-Executive Chairman and/or the Group CEO/Managing Director, is entitled to seek independent professional advice (including but not limited to legal, accounting and financial advice) either collectively or individually as may be considered necessary in furtherance of their duties or on any matter connected with the discharge of their responsibilities at the expense of the Company.

19. DIRECTORS' TRAINING

In compliance with Bursa Securities MMLR, all Directors are required to attend the Mandatory Accreditation Programme. The Directors will undergo such similar or continuing training and education programs from time to time to equip and keep themselves updated and abreast on the latest and new developments in order to discharge their duties and responsibilities more effectively.

The Board will assess the training needs of the Directors and the Directors are also required to attend any such courses or training as may be decided by the Board be they pertaining to the new developments in laws, regulations, governance or commercial risks but also in respect of the Group's industries and businesses and operations which may affect the Board and the Group.

All new Directors appointed to the Board will be given briefings on the overall business operations of the Group. The new Directors will also be provided with a list of the extract of the relevant Acts, rules and regulations from the Act, Bursa Securities MMLR and the Securities Commission. However, as the list given is not exhaustive, the new Directors are advised to seek the advice from the Group Company Secretary on matters that they would require further information and clarification.

Pursuant to Bursa Securities Practice Note 5 and in compliance with Paragraph 15.08 of Bursa Securities MMLR, the Board shall on a continuous basis evaluate and determine the training needs of its Directors, which subject matter of training shall be one that aids the Director in the discharge of his/her duties as a Director.

20. ANNUAL EVALUATION

The Board undertakes a formal and objective annual evaluation process to determine the effectiveness of the Board, the individual Directors and the Board Committees.

The annual assessment and evaluation are done using the relevant set of questionnaires specifically designed for the Board, the individual Directors and the Board Committees.

The Group Company Secretary will distribute the relevant questionnaires to the individual Directors, the Board as a whole and the respective Board Committees and then compile and summarize the completed questionnaires for tabling to the

Nomination Committee as well as the Board for their deliberation and notation and action (if any).

21. ROLE OF THE GROUP COMPANY SECRETARY

The Group Company Secretary who reports to the Group CEO/Board has an important role in advisory and assisting the Board and Committees in achieving good corporate governance and ensuring compliance of statutory laws, rules and regulations and in safeguarding the Company's and Board's interests. Amongst others, the functions of a Group Company Secretary are as follows:-

- (a) Advise the Board on corporate disclosures and matters pertaining to the compliance of statutory laws, rules and regulation of the Act, Bursa Securities MMLR, the Securities Commission guidelines and other relevant legislation and authorities and ensure compliance thereof;
- (b) Proper maintenance of the Group's statutory records, register books and documents;
- (c) Attend and ensuring proper conduct and procedures at AGM, EGM, Board Meetings, Board Committees' Meetings and any other meetings and the preparation of minutes thereat;
- (d) Ensure Directors receive meeting materials which are complete and accurate within reasonable timeframe prior to the meeting and the minutes of meeting are circulated in a timely manner;
- (e) Ensure that the interests of the Board and that of the Company are protected;
- (f) Advise the Board on its roles and responsibilities;
- (g) Facilitate the orientation of new Directors and assist in Director's training and development;
- (h) Monitor corporate governance developments and assist the Board in applying governance practices to meet the Board, shareholders and stakeholders needs and expectations;
- (i) Serve as a focal point for shareholders and stakeholders' communication and engagement on corporate governance issues; and
- (j) Provide sound governance advice, ensure adherence to rules and procedures and advocate adoption of corporate governance best practices.

22. ACCESS TO INFORMATION

The Company aims to provide all Directors with timely and quality information and in the form and manner appropriate for them to discharge their duties effectively.

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

The Chairman assisted by the Group Company Secretary, assesses the type of information required to be provided to the Board. If the information provided by the Management to the Board is insufficient, the Board could make further enquires where necessary to which the persons responsible will respond as promptly as possible.

A full agenda and comprehensive Board papers are circulated to all Directors well in advance of each Board Meetings.

All issues discussed, decisions and conclusion including dissenting views made and whether any Directors abstained from voting or deliberating on a matter at the Board or Board Committee meeting with the required actions to be taken by respective parties are documented in the minutes. The signed Minutes of each of the Board and Board Committees' Meetings are kept by the Group Company Secretary.

23. FINANCIAL REPORTING

23.1 TRANSPARENCY

The Company aims to present a clear and fair assessment of the Company's financial position and future prospects in respect of all quarterly results, annual financial statements and announcements issued by the Company within the stipulated timeframe.

The Board is assisted by the Audit Committee to scrutinise information for disclosure to ensure its timeliness, accuracy and adequacy.

The Board ensures that the financial statements are prepared so as to give a true and fair view of the current financial status of the Company in accordance with the approved accounting standards.

23.2 COMPANY'S EXTERNAL AUDITORS

The Board has established formal and transparent arrangements for considering how financial reporting and internal control principles will be applied and for maintaining an appropriate relationship with the Company's Auditors through its Audit Committee.

The External Auditors are invited to attend the Audit Committee Meeting where the Group's annual financial results are considered, as well as at meetings to review and discuss the Group's audit findings, internal controls and accounting policies, as and when the need arises.

Appointment of the Company's Auditors is subject to the approval of the shareholders at the Annual General Meeting of the Company. The Company Auditors have to retire during the Annual General Meeting held every year and be re-appointed by the shareholders for the ensuing year at the remuneration to be determined by the Board.

The External Auditors are assessed and evaluated annually by the Audit Committee and also the Board to determine their competencies, deliverables, performance, audit fees and independence throughout their audit engagement based on a set of questionnaires and the information presented in the Annual Transparency Report of the audit firm will also be considered as well.

24. INTERNAL AUDIT FUNCTION

The Board has established an internal audit function for the Group and is guided by the Group Internal Audit Charter and the Group Internal Audit Standard Operating Procedure which critically reviews the adequacy of the operational controls and procedures so as to provide reasonable assurance that such system continues to operate satisfactorily and effectively within the Group. Comprehensive audits of the practices, procedures and internal controls of all business units and subsidiaries are undertaken on a regular basis.

The Head of Internal Audit has direct access to the Board through the Chairman of the Audit Committee.

The Board ensures that the system of internal controls is reviewed on a regular basis and the Audit Committee receives reports regarding the findings and outcome of the audits and reviews on a regular and timely basis.

The Board ensures that the Group has an effective governance, risk management and internal control framework.

25. INVESTOR RELATIONS AND SHAREHOLDERS COMMUNICATION POLICY

The Board ensures timely release of financial results and various announcements to provide shareholders with an overview of the Company's performance, corporate strategies and other matters affecting the shareholders' interests.

The Board maintains appropriate corporate disclosure policies and procedures which is in compliance with the MMLR of Bursa Securities.

The Board maintains an effective communication policy that enables the Board (in particular the Executive Board members) to communicate effectively with its shareholders, stakeholders and the public in general.

As part of the Board's commitment towards having an effective investor relations and shareholders communication policy, the following have been established:-

- (a) an interactive and dedicated website for the Group which can be accessed by the public at large at www.wascoenergy.com.
- (b) the Company's Investor Relations and Communications Department attends to the Group's communication needs and whenever required, the services of an external public relations firm will be engaged to promote the Group's image and to create greater public awareness of the Group's products and services besides fostering and maintaining closer relations with the press and other members of the media.
- (c) the Group Company Secretary maintains most of the official correspondences with the various authorities.

(d) the Annual General Meeting provides an additional forum for shareholders' interaction and participation and feedback with the Company.

(e) media and analyst briefings are held by the Company to explain any major corporate exercises and/or to discuss the financial performance of the Group from time to time.

26. GENERAL MEETINGS OF THE COMPANY

The Board ensures that the general meetings of the Company are conducted either fully virtually or hybrid in order to support meaningful engagements between the Board, Senior Management and the shareholders.

Minutes of the general meetings are circulated to the shareholders no later than 30 business days after the general meeting concerned.

27. EMPLOYEES

The Board acknowledges that the employees are invaluable assets of the Company and that they play a vital role in achieving the vision and mission of the Group.

The Company adopts a comprehensive and documented policy and procedures in respect of the following:-

- (a) Occupational safety and health with the objective of providing a safe and healthy working environment for all employees.
- (b) Industrial relations with the objective of managing employees' welfare and well-being in the workplace.
- (c) Employees' retention scheme and benefits.
- (d) Diversity Policy which provides a framework for a work environment that benefits, values and utilizes the contributions of skilled workforce with diverse background, experience and perspective.

28. SENIOR MANAGEMENT

The role of Senior Management is critical, in integrating sustainability considerations in the day-to-day operations of the Company and ensuring the effective implementations of the Company's sustainability strategies and plans.

Strategic management of material sustainability matters shall be driven by the Senior Management.

29. PRINCIPLES AND RULES OF BUSINESS CONDUCT AND WHISTLE BLOWING POLICY

The Board is committed to achieving and maintaining high standards with regards to behavior at work. The Principles and Rules of Business Conduct of the Group set out

the guiding principles, which the employees and Directors shall not depart from in conducting the day to day duties and operations. The employees and Directors may report, through the established channel, genuine concerns about unethical behaviour, illegal act or failure to comply with regulatory requirements as guided by the Whistle Blowing Policy.

30. CORPORATE SOCIAL RESPONSIBILITIES

The Board is committed in performing its corporate social responsibilities with various charitable activities carried out by the Group and Yayasan Wasco.

31. ACCESS TO THE BOARD CHARTER

The Board Charter is available to each Director of the Company, the Group Company Secretary, relevant Senior Management staff of the Company, External Auditors and Internal auditors.

32. REVIEW OF THE BOARD CHARTER

The Board shall review the Board Charter at least once in every financial year and to make any necessary amendments/improvements thereto as and when the Board deems necessary.

The Board Charter is available on the Company's website at www.wascoenergy.com.

Dated: 27 February 2024