



# **BOARD CHARTER**

| <b>TABLE OF CONTENT</b>                      | <b>PAGE NO.</b> |
|--|-----------------|
| 1. INTRODUCTION                              | 2               |
| 2. BOARD STRUCTURE AND COMPOSITION           | 2-3             |
| 3. BOARD ROLES AND RESPONSIBILITIES          | 4-5             |
| 4. CHAIRMAN OF THE BOARD                     | 6-7             |
| 5. CHIEF EXECUTIVE OFFICER                   | 7               |
| 6. BOARD COMMITTEE                           | 8-9             |
| 7. MATTERS RESERVED                          | 9               |
| 8. BOARD MEETINGS                            |                 |
| 6.1 Frequency                                | 10              |
| 6.2 Notice and Agenda                        | 10              |
| 6.3 Quorum                                   | 10              |
| 6.4 Meeting Mode                             | 10-11           |
| 6.5 Voting                                   | 11              |
| 6.6 Meeting Minutes                          | 12              |
| 6.7 Company Secretary                        | 12              |
| 9. BOARD DEVELOPMENT                         |                 |
| 8.1 Succession Planning                      | 13              |
| 8.2 Board and Directors Assessment           | 13-14           |
| 8.3 Induction of Newly Appointed Directors   | 14              |
| 8.4 Directors' Training and Development      | 14              |
| 10. DIRECTORS EXTERNAL COMMITMENTS           | 15              |
| 11. INTEGRITY AND GOVERNANCE                 | 15-16           |
| 12. CODE OF BUSINESS ETHICS AND CONDUCT      | 16              |
| 13. WHISTLEBLOWING POLICY                    | 16              |
| 14. NO GIFT POLICY                           | 17              |
| 15. ANTI-BRIBERY POLICY                      | 17              |
| 16. STRATEGY TOWARDS PROMOTING SUSTANABILITY | 18              |
| 17. SUPPLY OF INFORMATION TO THE BOARD       | 18              |
| 18. REVIEW OF THE BOARD CHARTER              | 18              |

## **1. INTRODUCTION**

- 1.1 The Board Charter sets out the Board's roles, responsibilities and authorities in setting the direction, management and control of the organisation.
- 1.2 This Board Charter is subject to the provisions of the Companies Act 2016 ("Companies Act"), the Constitution of Projek Lintasan Kota Holdings Sdn Bhd ("Prolintas" or "the Company"), the Malaysian Code on Corporate Governance 2021 ("MCCG") and any other applicable law or regulatory requirements.

## **2. BOARD STRUCTURE AND COMPOSITION**

- 2.1 The Board shall comprise of not less than two (2) nor more than ten (10) Directors<sup>1</sup>.
- 2.2 In the event of any vacancy in the Board, resulting in non-compliance with Paragraph 2.1 above, the continuing Directors or Director may act for the purpose of filling up such casual vacancies or vacancy or of summoning a General Meeting of the Company<sup>2</sup>.
- 2.3 Tenure of an Independent Non-Executive Director should not exceed a cumulative term limit of nine (9) years<sup>3</sup>.
- 2.4 The Board shall endeavour to maintain at least 30% women Directors. In seeking potential candidate(s) for new appointments, the Board takes into account the age distribution of the Directors to maintain a balanced Board composition<sup>4</sup>.

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<sup>1</sup> Article 91 of the Company's Constitution

<sup>2</sup> Article 91 of the Company's Constitution

<sup>3</sup> Practice 5.3 of the MCCG

<sup>4</sup> Practice 5.9 of the MCCG

2.5 Members of the Board shall, subject to further criteria as may be determined by the shareholders of the Company, only comprise of individuals with the following characteristics:

- Possess exemplary knowledge and qualifications in the core business of the Company and or in any other field relevant to the operations and strategic direction of the core business of the Company, including but not limited to, finance and accounting, engineering, auditing, or law;
- Possess exceptional working/service record and top management experience in an industry relevant to the core business of the Company or in any other field relevant to the day to day operations of the core business of the Company;
- Possess proven leadership characteristics and a track record of personal and organizational integrity in order to lead the Company in the conduct of its core business;
- Possess clear abilities and competencies in strategic planning and risk management in order to contribute effectively to the decision making powers of the Board;
- Possess an exemplary and law abiding personal character free from any allegations or convictions with regard to any criminal activity as defined by the laws of Malaysia;
- Is free from any business or other relationship which could materially pose a conflict of interest or interfere with the exercise of his judgment when acting in the capacity of a Director which would be disadvantageous to the Company or its interest; and
- Is not currently an active politician, (Member of Parliament, Minister, Senator, State Assemblyman or holds a position at the top management, or division level in any political party).

The Board shall also regularly review its membership and the above criteria to ensure the Board remains relevant and should formalise its succession planning practices with the relevant input from all stakeholders.

### **3. BOARD ROLES AND RESPONSIBILITIES**

3.1 A Director shall at all times exercise his powers for a proper purpose and in good faith in the best interest of the Company and shall act honestly and use reasonable care, skill and diligence in the discharge of the duties of his office<sup>5</sup> and shall not make use of any information acquired by virtue of his position to gain directly or indirectly an improper advantage for himself or for any other person or to cause detriment to the Company<sup>6</sup>.

3.2 A Director shall at all times avoid conflicts of interest, and shall as soon as practicable after the relevant facts have come to his/her knowledge, declare the nature of his/her interest at a meeting of the directors of the Company<sup>7</sup>.

Every director shall give notice to the Company on any changes of outside commitment and matters which may give rise to conflicts of interest and/or any other matter relating to him/her as may be necessary or expedient to enable the Company and its officers to comply with the requirements of the CA 2016 and any relevant laws, regulations and/or orders currently in force in Malaysia.

3.3 The Board of Directors has the following key responsibilities<sup>8</sup>:

- Promote good corporate governance culture within the Company which reinforces ethical, prudent and professional behaviour;
- Review, challenge and decide on Management's proposal for the Company and monitor the implementation by Management;
- Ensure that the strategic plan of the Company supports long-term value creation and includes strategies on economic, environmental, safety and health, social and governance underpinning sustainability;
- Oversee the conduct of the Company's businesses to evaluate and assess management performance whether the businesses are being properly managed;

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• <sup>5</sup> Section 213 (1) and (2) of the Company's Act

• <sup>6</sup> Section 218 of the Company's Act

• <sup>7</sup> Section 221 of the Company's Act, Article 111 of the Company's Constitution

• <sup>8</sup> Guidance 1.1 of the MCCG

- Assess and identify the principal risks of the Company's businesses in recognition that business decisions involve the taking of appropriate risks;
  - Set the risk appetite within which the Board expects Management to operate, and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
  - Ensure Senior Management has the necessary skills and experience; and there are measures in place to provide for orderly succession planning, including appointing, training, fixing the compensation and, where appropriate, replacing Senior Management;
  - Ensure that the Company 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 Company when making business and other decisions; and
  - Ensure the integrity of the Company's financial and non-financial reporting.
- 3.4 Every Director shall devote sufficient time to prepare for and attend Board and Board Committee meetings and must attend at least fifty (50) percent of the Board meetings held in each financial year<sup>9</sup>.
- 3.5 Every Director must keep abreast of his responsibilities as a Director and of the conduct, business activities and development of the Company.
- 3.6 Every Director shall safeguard all internal communications and treat them as strictly private and confidential, and for the use of Board members only, unless officially published.

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<sup>9</sup> Paragraph 15.05 of the Main Market Listing Requirements

#### **4. CHAIRMAN OF THE BOARD**

- 4.1 The Chairman presides over meetings of Directors and is responsible for instilling good corporate governance practices, leadership and the effectiveness of the Board.
- 4.2 The position of the Chairman of the Board shall be held by a Non-Executive Director, who shall also be an individual different from the individual who holds the position of the Chief Executive Officer. This distinction allows for a better understanding and distribution of responsibilities and accountabilities<sup>10</sup>.
- 4.3 The Chairman of the Board should not be a member of Audit Committee and Nomination and Remuneration Committee to ensure there is check and balance as well as objective review by the Board<sup>11</sup>.
- 4.4 The duties of the Board Chairman include the following<sup>12</sup>:
- To provide leadership to the Board, and oversee the Board in the effective discharge of its fiduciary duties;
  - To set the Board agenda and ensure the Board members receive complete and accurate information in a timely manner;
  - To lead in discussions at meetings and ensure efficient and effective conduct of the Board meetings;
  - To encourage active participation and allow dissenting views to be freely expressed;
  - To promote constructive and respectful relations between Board members and manage the interface between the Board and Management;

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<sup>10</sup> Practice 1.3 of the MCCG

<sup>11</sup> Practice 1.4 of the MCCG

<sup>12</sup> Guidance 1.2 of the MCCG

- To facilitate effective communication between the Board and the stakeholders;
- To lead the Board in establishing and monitoring good corporate governance practices in the Group; and
- To commit time necessary to discharge effectively his role as Chairman.

## **5. CHIEF EXECUTIVE OFFICER**

5.1 The Chief Executive Officer (“CEO”) assumes the overall responsibilities for the execution of the Company’s strategies in line with the Board’s direction, oversees the operations of the Company and drives the Company’s businesses and performance towards achieving the Company’s vision and goals.

5.2 The key roles of the CEO include, among others:

- Overseeing the day-to-day business operations and developing strategic direction of the Company and provide directions in the implementation of short and long terms strategies and plans;
- Directing and controlling all aspects of the business operations in a cost effective manner;
- Serving as the channel between the Board and Management in ensuring the success of the Company's governance and management functions;
- Ensuring effective relationships and communication with Management, and between the Board, shareholders and relevant stakeholders;
- Providing strong leadership by effectively communicating the vision, management philosophy and business strategy to employees; and
- Keeping the Board informed of salient aspects and issues concerning the Company's operations.



## **6. BOARD COMMITTEES**

6.1 The Board may from time to time establish Committees as it considers appropriate to assist the Board in exercising its roles and responsibilities. The Committees operate under specific Terms of Reference which may be amended by the respective Committees from time to time, subject to approval by the Board.

6.2 The Board has established the following Committees to assist the Board and to ensure good governance in the decision-making process:

### **6.2.1 Audit Committee (“AC”)**

AC shall comprise of not less than three (3) members a majority of whom shall be Independent Non-Executive Directors (“INEDs”). The AC assists and supports the Board’s responsibility of overseeing the system of internal controls relevant to the risks of the Company, the governance and compliance requirement. The roles and responsibilities of the AC are provided in its Terms of Reference.

The Board shall not appoint the Chairman of the Board as the member of the AC<sup>13</sup>.

### **6.2.2 Nomination & Remuneration Committee (“NRC”)**

NRC shall comprise of not less than three (3) members a majority of whom shall be INEDs. The NRC is responsible for providing oversight on nomination of the new Directors, undertakes the annual assessment of the effectiveness of the Board as a whole, Directors’ induction programme and continuous training, Board and Senior Management succession planning, reviewing the remuneration framework for Directors, the CEO and Senior Management as well as the remuneration framework of employees of the Company. The roles and responsibilities of the NRC are provided in its Terms of Reference.

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<sup>13</sup> Practice 1.4 of the MCCG

The Board shall not appoint the Chairman of the Board as the member of the NRC<sup>14</sup>.

#### **6.2.3 Project Monitoring Committee (“PMC”)**

PMC shall comprise of not less than three (3) members a majority of whom shall be INEDs. PMC will monitor and review the overall progress and process of the project, including the project status, as well as provide oversight of the project deliverable rollout. The PMC provides insight on long-term strategies in support of project mandates and ensure that the project objectives are being adequately addressed. The roles and responsibilities of PMC are provided in its Terms of Reference.

#### **6.2.4 Board Tender Committee (“BTC”)**

BTC shall comprise of not less than three (3) members a majority of whom shall be INEDs. BTC will review, evaluate, analyse, and make reports or recommendation to the Board of Directors on all matters relating to the tender for value up to RM10,000,000. The roles and responsibilities of the BTC are provided in its Terms of Reference.

- 6.3 The Chairman of the respective Committees shall report and update the Board on significant issues and concerns discussed and where appropriate, make the necessary recommendations to the Board.

### **7. MATTERS RESERVED**

- 7.1 Matters reserved for the Board are clearly defined in the Company Limits of Authority, which provides a clear demarcation between Board and Management reserved matters, and outlines the types of transactions, thresholds and the process of deliberation.

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<sup>14</sup> Practice 1.4 of the MCCG

## **8. BOARD MEETINGS**

### **8.1 Frequency**

8.1.1 The Board shall convene at least four (4) meetings in each financial year, with additional meetings to be convened as and when necessary.

8.1.2 Senior Management and external consultants may be invited to attend Board meetings to advice, present or report on matters relating to their areas of responsibility.

### **8.2 Notice and Agenda**

8.2.1 The Notices and agenda of meetings shall be prepared by the Company Secretary and approved by the Chairman<sup>15</sup>.

8.2.2 The Board should have access to all information pertaining to the Company in a timely manner for the discharge of its duty effectively. The relevant Board papers shall be distributed at least five (5) business days prior to the Board meetings if possible<sup>16</sup>.

### **8.3 Quorum**

8.3.1 The quorum for a Board meeting shall be a minimum of two (2) Directors. In the absence of the Chairman, the Directors present shall elect a Chairman from amongst them to chair the meeting<sup>17</sup>.

### **8.4 Meeting Mode**

8.4.1 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.

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<sup>15</sup> Guidance 1.6 of the MCCG

<sup>16</sup> Guidance 1.6 of the MCCG

<sup>17</sup> Article 118 of the Company's Constitution

- 8.4.2 The Company may convene a meeting at more than one venue using any technology or method that enables all Directors participating and constituting a quorum to simultaneously hear each other throughout the meeting<sup>18</sup>.
- 8.4.3 The main venue shall be in Malaysia and the Chairperson shall be present at that main venue of the meeting<sup>19</sup>.
- 8.4.4 The Directors shall at all times take all necessary precautions to strictly maintain confidentiality of deliberation or information communicated during the said meetings.
- 8.4.5 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 all of the Directors shall be as valid and effectual as if it has been passed by a meeting of the Board duly convened<sup>20</sup>. Approval of the Board on the resolution can be through email and/or other means of electronic communications<sup>21</sup>.

## **8.5 Voting**

- 8.5.1 Questions arising at any meeting shall be determined by a majority votes of directors' present and voting<sup>22</sup>.

In case of equality of votes, the Chairman of the Board shall have a second or casting vote<sup>23</sup>.

- 8.5.2 Every Director is required to declare to the Board and abstain from deliberations and voting in respect of any matter which may give rise to an actual or perceived conflict of interest situation.

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<sup>18</sup> Section 327 (1) of the Companies Act, Para 6 Third Schedule of the Companies Act

<sup>19</sup> Section 327 (2) of the Companies Act

<sup>20</sup> Article 125 of the Companies Constitution

<sup>21</sup> Section 300 (2) (b) of the Companies Act

<sup>22</sup> Article 117 of the Companies Constitution

<sup>23</sup> Para 10 Third Schedule of the Companies Act

## **8.6 Meeting Minutes**

- 8.6.1 The minutes of the meeting shall record the deliberations and decisions of the Board.
- 8.6.2 Minutes shall be distributed to Board members and shall be approved by the Chairman of the meeting at which the proceedings are held or by the Chairman of the next succeeding meeting.

## **8.7 Company Secretary**

- 8.7.1 The Board shall ensure that it is supported by a suitably qualified and competent Company Secretary, who shall, at minimum, meet the requirements of the Companies Act 2016<sup>24</sup>.
- 8.7.2 The Company Secretary is a central source of information and advice to the Board and its Committees on issues relating to sound governance and compliance with laws, rules, procedures and regulations and advocates adoption of corporate governance best practices affecting the Company<sup>25</sup>.
- 8.7.3 The roles and responsibilities of a Company Secretary include, but are not limited to the following<sup>26</sup>:
- Manage all board and committee meeting, attend and record minutes of all board and committee meetings and facilitate board communications;
  - Advise the board on its roles and responsibilities;
  - Facilitate the orientation of new directors and assist in director training and development;

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<sup>24</sup> Section 235 of the Companies Act

<sup>25</sup> Practice 1.5 of the MCCG

<sup>26</sup> Guidance 1.5 of the MCCG

- Advise the board on corporate disclosures and compliance with Company's regulations;
- Manage processes pertaining to the annual shareholder meeting;
- Monitor corporate governance developments and assist the board in applying corporate governance practices to meet the board's needs and stakeholders' expectations; and
- Serving as a focal point for stakeholders' communication and engagement on corporate governance issues.

8.7.4 The Company Secretary must keep abreast of, and inform the Board of current governance practices. The Company Secretary should undertake continuous professional development.

## **9. BOARD DEVELOPMENT**

### **9.1 Succession Planning**

9.1.1 The Board shall ensure that all candidates appointed to the Board and Senior Management positions are of sufficient calibre. The Board should also ensure that there are measures in place to provide for the orderly succession planning of the Board and Senior Management and to ensure that the Board has a steady pool of talent to choose from whenever there is a need to appoint additional members or to replace a Board member or Senior Management who intends to retire or resign from the Company.

### **9.2 Board and Directors' Assessment**

9.2.1 The effectiveness of the Board, its Committees and each individual Director should be annually reviewed in accordance with best practices and requirements of the shareholders.

- 9.2.2 The Board via the Nomination & Remuneration Committee (“NRC”) shall establish a set of criteria for the assessment of all Directors and attention shall be given to the values, principles and skills required for the Company. These criteria will serve as a source of reference for prospective and incumbent Directors for the Board’s annual assessment and shall be reviewed regularly to maintain their relevance.
- 9.2.3 The assessment is intended to evaluate the mix of skills, experience and other relevant qualities the Directors bring to the Board, and takes into account the individual director’s ability to exercise independent judgement at all times and to contribute to the effective functioning of the Board. The assessment process also examines the ability of each Board or Committee member to give material input at meetings and to demonstrate a high level of professionalism and integrity in the decision-making process.
- 9.3.4 The assessment results form the basis of the NRC’s recommendation to the Board for the re-election and/or re-appointment of Directors and Board Committee members as well as for further development of the Board and Board Committees.

### **9.3 Induction of Newly Appointed Directors**

- 9.3.1 All newly appointed Board members shall undergo a formal induction and continuous education programme to ensure that they understand their roles and responsibilities, the Board’s expectations in terms of their knowledge contribution, the nature of the Company’s business, current issues faced and strategies adopted by the Company.

### **9.4 Directors’ Training and Development**

- 9.4.1 The Company shall ensure that the Board is kept abreast of regulatory changes, other developments and broad business trends. The Company and the Board must evaluate the training needs of its Directors on a continuous basis and ensure all Directors have access to appropriate continuing education programmes.

**10. DIRECTORS EXTERNAL COMMITMENTS**

- 10.1 The Board shall devote sufficient time to carry out their responsibilities. The Boards are expected to commit time as and when required to discharge his duties and responsibilities besides attending meetings of the Board and Board Committee.
- 10.2 The Directors shall not hold more than five (5) directorship in listed companies to ensure that their commitment, resources and time are more focused, enabling them to discharge their duties effectively<sup>27</sup>.
- 10.3 The Company values the experience and perspective that the Board gains from the service on the Board of other Companies, Organisations or Associations. However, prior to the acceptance of any relevant external appointments such as directorship of listed Companies, Organisations or other Associations, Directors should first consult with the Chairman on such proposed appointment. In any event, such commitments should not:
- caused a conflict of interest for the Director;
  - affect the Director's independence;
  - have potential reputational consequence to the Company; and/or
  - place demands on the Director's time that could hinder their ability to attend Board Meetings and discharge their responsibilities to the Company.

**11. INTEGRITY AND GOVERNANCE**

- 11.1 In line with the Strategic Plan of Integrity and Governance Unit by the Malaysian Anti-Corruption Commission (MACC), the Company has established an Integrity and Governance Department to showcase its strong commitment towards upholding integrity and strong corporate governance.

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<sup>27</sup> Paragraph 15.06 of the Main Market Listing Requirements



11.2 The Directors shall individually acknowledge the adoption of the following policies as part of their compliance under the new Corporate Liability provision in Section 17A of the MACC Amendment Act 2018 comes into force on 1 June 2020, namely:-

- Code of Business Ethics and Conduct;
- Whistleblowing Policy and Procedures;
- No Gift Policy; and
- The Anti-Bribery and Corruption Policy;

## **12. CODE OF BUSINESS ETHICS AND CONDUCT**

12.1 The Company's Code of Business Ethics and Conduct applies to all Directors, Management, employees and where applicable, counterparts and business partners. The Code was formulated to promote ethical conduct of Directors and employees as well as to enhance the standard of corporate governance in the Company.

12.2 The Company's Code of Business Ethics and Conduct should be integrated into group-wide management practices and be periodically reviewed.

12.3 The Directors shall individually acknowledge and confirm adherence to the Company's Code of Business Ethics and Conduct upon their appointment to the Board by way of signing the said Code.

## **13. WHISTLEBLOWING POLICY**

13.1 The Board establish, review and together with Management implement appropriate policies and procedures on whistleblowing as part of the Company's commitment towards effective governance and to maintain high standards of integrity and accountability.

13.2 The oversight of the whistleblowing function is under the purview of Integrity and Governance Department who shall ensure that all reported violations are properly investigated. The Integrity and Governance Department is also responsible for reviewing the effectiveness of the actions in response to all concerns raised.

13.3 All whistleblowing reports shall be made via the following channels:

- Audit Committee Chairman;
- Whistleblowing email (whistleblower@prolintas.com.my);
- Whistleblowing e-form (<https://prolintas.com.my/whistleblowing-e-form/>);
- Postal address; and
- Direct contact with PROLINTAS ID.

#### **14. NO GIFT POLICY**

14.1 As an effort to demonstrate Company's commitment to the highest standard of integrity and behaviour, the Board shall abide to the No Gift Policy requirement.

14.2 The compliance to the No Gift Policy is in conformity with the Company's Code of Business Ethics and Conduct.

#### **15. ANTI-BRIBERY POLICY**

15.1 The Board shall at all time commit in upholding all laws relevant to countering bribery and corruption in each of the jurisdictions in which the Company operates.

15.2 The Board shall at all time ensure Company's business must comply with the offenses under sections 16, 17, 18, 20, 21, 22, and 23 or Malaysian Anti-Corruption Commission Act 2009 [Act 694] including Section 17A Corporate Liabilities where the section has been enforced by the Government with effect from 1st June 2020 which empowers the Malaysian Anti-Corruption Commission to monitor and investigate every transaction involving any layer of staff seniority from top management downward and third parties which may be related to bribery practice.

**16. STRATEGY TOWARDS PROMOTING SUSTAINABILITY**

- 16.1 In the effort of maximising shareholder's return, the Company at the same time advocates managing its business in a responsible and sustainable manner by managing the environmental, social and governance aspects of its operations in line with the broad objective of the United Nations Sustainable Development Goals adopted by Malaysia on 25 September 2015<sup>28</sup>.

**17. SUPPLY OF INFORMATION TO THE BOARD**

- 17.1 The Board have individual and independent access to the advice and dedicated support services of the Company Secretary in ensuring the effective functioning of the Board<sup>29</sup>.
- 17.2 The Board may seek advice from the management on issues under their respective purview. The Board may also interact directly with, or request further explanation, information or updates, on any aspect of the Company's operations or business concerns from the management.

**18. REVIEW OF THE BOARD CHARTER**

- 18.1 This Charter and the Terms of Reference of each Committee established by the Board shall be reviewed every 3 years and updated by the Board taking into consideration the needs of the Company as well as any development in MCCG, rules and regulations that may have an impact on the discharge of the Board's duties and responsibilities<sup>30</sup>.

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<sup>28</sup> Practice 4.1 of the MCCG

<sup>29</sup> Practice 1.5 of the MCCG

<sup>30</sup> Practice 2.1 of the MCCG