

BOARD CHARTER

1. Commitment of Hartalega towards Corporate Governance and Transparency

The Board of Directors ("**the Board**") of Hartalega Holdings Berhad ("**the Company**" or "**Hartalega**") is committed to safeguarding the interests of its stakeholders and recognizes the importance of corporate governance in achieving this objective. The Board knows that transparent disclosure of its organizational and management structure as well as other aspects of its corporate governance helps stakeholders to assess the quality of the Company and its management and assists investors in their investment decisions.

The Board is committed to ensuring that the Company's corporate governance is in line with the principles and best practices set out in The Malaysian Code on Corporate Governance ("**the Code**") and Bursa Malaysia Securities Berhad's Listing Requirements. The Board further acknowledges the recommended best practices and the adopted alternative practices set out in the Code and continues to evaluate the status of the practices and the adopted alternatives.

The conduct of the Board is also governed by the Constitution of the Company, a copy of which is made available for reference in the Company's website at www.hartalega.com.my

2. Purpose of Board Charter

This Board Charter sets out the composition and balance, roles and responsibilities, operation and processes of the Board and is to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members. However, it does not overrule or pre-empt the statutory requirements of Directors enshrined in the Companies Act 2016 ("**Act**"), the Income Tax Act 1967, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**"), Capital Markets and Services Act 2007, Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries issued by the Securities Commission Malaysia and other relevant statutes, laws, requirements and guidelines, including the conduct of the Board as stipulated in the Constitution of the Company.

3. Board Composition, Size and Tenure of Members

The size of the Board will follow the guidelines set by:

- The Company's Constitution
- Regulations of the relevant regulatory authorities

The Board shall determine the appropriate size of the Board and in determining the size, consideration shall be given to enable an efficient and effective Board deliberation during meetings and the size of the Board shall commensurate with the complexity, scope and operations of the Company.

The size and composition of the Board shall be reviewed from time to time to reflect Company's requirements and to facilitate effective decision making.

On the appointment of new Directors, the Board in consultation with the Nominations Committee, shall take account of skills, experience, other qualities, gender and diversity of backgrounds.

The Board recognises that diversity in the Board as well as the Group's workforce is crucial in maintaining sound corporate governance and setting business strategy,

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among others. The Board is supportive of boardroom gender diversity and the Board currently has three (3) women Directors. The Company will endeavor to have at least 30% women Directors as recommended by the Code. The Gender Diversity policy, which is made available for reference in the Company's website at www.hartalega.com.my

The Board shall comprise the optimal number of Independent Non-Executive Directors to provide the relevant check and balance and provide diversity of skills and expertise, thought and ideas.

The underlying principle is to have an effective Board composition with strong independent element where no Director or group of Directors shall be allowed to dominate the Board's decision making.

The role of Independent Directors cannot be under-emphasized in providing independent judgment and ensuring all issues proposed by the Executive Directors and management are fully discussed and examined to take account of long-term interests of shareholders and stakeholders.

The Board shall be under the leadership of the Chairman who is elected by the Board. The Chairman and the Chief Executive Officer (or Managing Director) shall be two separate persons to ensure separation of power. This is to ensure that the roles and responsibilities are separate and distinct. Where the Chairman of the Board is not an independent member, the Board must comprise a majority of independent Directors. In the event that the positions of Chairman of the Board and Chief Executive Officer (or Managing Director) are held by the same person, the Company shall give explanation and justification in the Annual Report.

The Chairman is responsible for ensuring the integrity and effectiveness of the governance process of the Board while the Chief Executive Officer (or Managing Director) leads executive management and is responsible for implementation of Company policies and strategies as well as lead-manage day-to-day operations of the Company.

The Company Chief Executive Officer (or Managing Director) shall be a Board member and have the capacity to appoint members of the Company management or appropriate personnel to join the Board as executive Directors.

There shall be no limit on the tenure of the following Board members:

- Chairman
- Chief Executive Officer (or Managing Director)

The maximum tenure of an Independent Non-Executive Director shall not exceed the cumulative term of nine years from the date of first appointment as Director or upon the expiry of the on-going term of appointment as Director, whichever is the later. Any extension beyond nine years will require Board justification and shareholders' approval unless the said Director wishes to be re-designated as Non-Independent Non-Executive Director which shall be a consideration for the Board to decide.

If the Board continues to retain the Independent Non-Executive Director after the twelfth (12) year, the Board shall seek annual shareholders' approval through a two-tier voting system. Under the two-tier voting system, shareholders' votes will be casted in the following approach during the shareholders' meeting:

Tier 1: Only the large shareholder(s) of the Company votes
Tier 2: Shareholders other than large shareholder(s) vote

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Large shareholder is a person who:

- Is entitled to exercise 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 a majority of the Directors of the Company; or
- Has the authority to make decisions on the behalf of the Company.

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 large shareholder, a simple majority of the votes determine the outcome of Tier 1 vote.

The resolution is successful if both Tier 1 and Tier 2 voted by a simple majority to support the resolution.

However, the resolution is deemed to be defeated if either of the Tiers fails to secure a simple majority or where Tier 1 voter(s) abstained from voting.

The Board has appointed a Senior Independent Non-Executive Director to whom concerns relating to the Company can be conveyed.

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

- Ensure all Independent Directors have an opportunity to provide input on the meeting agenda so that they can perform their duties effectively;
- Ensure all Independent Directors are given materials and access to information to prepare themselves ahead of meetings;
- Serve as principal intermediary between Independent Directors and Chairman on sensitive issues; and
- Serve as designated contact for interaction and communication with shareholders and investing community on areas that were or could not be resolved through normal channels of communication with the Chairman or Executive Directors.

4. Appointment and Re-election of Directors

The Company shall ensure that the Directors are of sound judgment, capable, high integrity and credibility as they are entrusted by the shareholders to perform effectively in spearheading the Company.

All nominations of candidates for the position of Director must be submitted to the Nomination Committee for consideration. The Nomination Committee shall base on a "fit and proper person" criterion as stated herewith below before recommending the candidate to the Board for approval:

- Minimum age limit of 21 years old
- Malaysian citizen or resident
- Minimum 5 years relevant working experience in management position
- Relevant qualifications or experience
- Understanding of accounting, finance and corporate affairs
- Have never been adjudicated as bankrupt
- Person of good character with high integrity and credibility
- Has not had any media publication casting doubt on his character
- Does not have legal record of civil or criminal offence
- Proven leadership ability
- Business acumen

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- Demonstrates strategic vision and critical thinking
- Ability to contribute to discussion during meetings
- Demonstrates initiative to update knowledge of Company & industry

In determining the independence of Non-Executive Directors, the Board will consider the definition of “Independent Director” defined under Paragraph 1.01 of the Bursa Malaysia Listing Requirements and assess the corporate governance practices in the light of the changing circumstances facing the Company. As such, the Board chooses not to take a prescriptive approach to independence but to consider the independence of each Director on a case-by-case basis by taking into consideration the general defining factors:

- The Independent Non-Executive Director meets the minimum criteria of “fit and proper” test of independence, which is part of an annual assessment test, as enumerated in the Policy on appointment and continuous assessment of Directors
- The suitability and ability of the Independent Non-Executive Director to perform his duties and responsibilities effectively shall be based on his caliber, qualifications, experience, expertise, personal qualities and knowledge of the Company and industry

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/she is a Member of Parliament, State Assemblyman or holds a position at the Supreme Council or at a division level in a political party. The Company Secretary will then ensure that all appointments are properly made and that all legal and regulatory obligations are met.

The Constitution provides that at every Annual General Meeting, one third of the Directors shall retire from office and be eligible for re-election. The Articles also provide that all Directors shall retire from office once at least every three years and be available for re-election.

In accordance with paragraph 15.02 of Bursa Malaysia’s Listing Requirements, the Company must ensure that at least two Directors or one-third of the Board, whichever is higher, shall comprise Independent Directors. Assuming the total number of Directors are not three or in multiple of three, then the number nearest to one-third shall be used.

In accordance with the Company’s Constitution, all Directors including Directors holding an executive position of Managing Director or Chief Executive Officer, if any, shall retire from office at each Annual General Meeting, provided always that every Director shall retire at least once every three (3) years. The retiring Directors shall be eligible to offer themselves for re-election. Directors who are appointed by the Board during the financial year shall hold office until the next Annual General Meeting and shall then be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

The number of Directorships held by the Directors shall be stated in the Profile of Directors in the Annual Report.

There is no restriction on the number of Directorships save as advised the limit of five (5) listed company Directorships by Bursa Malaysia under its Listing Requirements & Corporate Governance Guidelines. Board members are at liberty to accept other board appointments in other Companies so long as the appointment is not in conflict of interest with the Company and does not affect his performance for the Company.

Board members are required to notify the Chairman of the Board, the Chairperson of Nomination Committee and Company Secretary before accepting new external

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Directorships and indicating the time that will be spent on the new Directorship.

The evaluation of the Board and each individual Director including the Chairman will be performed annually.

All the Directors will give their undertaking in writing to comply with the Listing Requirements of Bursa Malaysia Securities and the Independent Directors will also confirm their independence in writing.

5. Evaluation of the Directors and the Board as a whole

The Board recognises the importance of assessing the effectiveness of individual Directors, the Board as a whole and its Committees. The Nomination Committee is given the task to review and evaluate the individual Director's performance and the effectiveness of the Board and the Board's Committees on an annual basis. In assessing suitability of candidates, considerations will be given to the competencies, commitment, contribution and performance.

The Nomination Committee is required to report annually to the Board an assessment of the Board's and its Committees' performance. This will be discussed with the full Board. Every year, the Nomination Committee will evaluate each individual Director's contributions to the effectiveness of the Board and the relevant Board committees.

The office of a Director shall become vacant if the Director:

- (a) Falls within the circumstances set out in Section 208 of the Act, where the Director:-
 - (i) Resigns from office as Director by giving a written notice to the Company at its registered office;
 - (ii) Retires in accordance with the Act or the Constitution of the Company but is not re-elected;
 - (iii) Is removed from office in accordance with the Act or the Constitution of the Company;
 - (iv) Becomes disqualified from being a Director under Section 198 or 199 of the Act;
 - (v) Becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the Mental Health Act 2001;
 - (vi) Dies; or
 - (vii) Otherwise vacates office in accordance with the Constitution of the Company;
- (b) Is absent from more than 50% of the total Board meetings held during a financial year; or
- (c) Is convicted by a court of law, whether within Malaysia or elsewhere, in relation to the offences, as follows:
 - (i) Has been convicted by a court of law whether within Malaysia or elsewhere, of an offence in connection with the promotion, formation or management of a corporation;
 - (ii) Has been convicted by a court of law, whether within Malaysia or elsewhere of an offence involving bribery, fraud or dishonesty or where the conviction involved a finding that he/she acted fraudulently or dishonestly; or

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- (iii) Has been convicted by a court of law of an offence under the securities laws of Malaysia or the Act,

within a period of five (5) years from the date of conviction or if sentenced to imprisonment, from the date of release from prison, as the case may be.

6. The Board of Directors

The Board takes full responsibility for the performance of the Company and guides the Company towards achieving its short and long term objectives, setting corporate strategies for growth and new business development while providing advice and direction to the Management to enable the Company to achieve its corporate goals and objectives.

Under the Companies Act 2016, a Director has a fiduciary duty to the Company to act in good faith and shall at all times act honestly and use reasonable diligence in the discharge of his duties.

6.1 Board Responsibilities

Having recognised the importance of an effective and dynamic Board, the Board's members are guided by the area of responsibilities as outlined:

- Reviewing and adopting strategic plans for the Group, taking into account economic and sustainability considerations in developing and implementing the Group's strategies, business plans and risk management;
- Understand shareholders' expectations and contribute to the development of strategies in their best interest to enhance shareholder value;
- Oversee the conduct of the Company's businesses to evaluate whether the businesses are properly managed;
- Ensuring the Group's solvency and its ability to meet contractual obligations and safeguarding its assets;
- Identify the principal risks and key performance indicators of the Company's businesses and ensuring that appropriate systems are implemented and steps are taken to manage these risks;
- Review the adequacy and the integrity of the Company's risk management framework, internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- Develop succession plan for Board members and Senior Management;
- Review and approve annual budget and projection submitted by management;
- Ensuring that the Company's and Group's statutory accounts are fairly stated and conform with the relevant regulations including acceptable/ applicable accounting policies;
- Ensure that financial statements are fairly stated and otherwise conform with the relevant regulations including acceptable accounting policies that result in balanced and understandable financial statements and approve financial statements for declaration to Bursa Securities on quarterly and annual basis;
- Oversee corporate governance and compliance matters;
- Delegate the above mentioned matters to the relevant Committee or personnel where appropriate;
- Adopt performance measures to monitor implementation and performance of the strategy, policies, plans, legal and fiduciary obligations that affect the business;
- Develop and implement an investor relations programme or shareholder

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- communication policy for the Company;
- Set corporate values and clear lines of responsibility and accountability that are communicated throughout the Company;
- Ensure that the operations of the Company are conducted prudently within the framework of laws and policies;
- Ensure high standards of ethics and corporate behaviour in the conduct of business;
- Perform an annual assessment of the Company Secretary;
- Reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- Establishing and maintaining effective and adequate anti-corruption compliance policies and framework and whistleblowing reporting channel; and
- Reviewing the Group's corruption risk exposures periodically or when there are changes in law, circumstance of the business and/ or the profile of its business associates.

6.2 Authority of the Board

The Board derives its authority to act from the Constitution of the Company and laws, rules and regulations governing companies in Malaysia.

The Directors may exercise their authority and perform their duties on behalf of the Company by managing the Company within the scope and jurisdiction of the Constitution of the Company.

The Board is the ultimate decision maker of the Company, with the exception of matters requiring the approval of shareholders. The Board sets the strategic direction and vision of the Company with the express assistance of Senior Management of the Company. The Board is fully responsible in its duties in leading, governing and monitoring the performance of the Company and ensuring management is able to execute its functions effectively.

7. Roles and Responsibilities of the Chairman

- Provides leadership to the Board ensuring Directors contribute effectively
- Ensure Board members receive accurate, timely and clear information and are well-informed about company and industry developments
- Ensure all issues in the agenda are covered in meetings
- Ensure information to facilitate decision making is delivered to Board members on a timely basis
- Marshall discussion to ensure proper exchange of information and deliberation of issues to enable proper decision making
- Chair Annual and Extraordinary General Meetings of shareholders
- Encourage Board members to play active role in Board Meetings and facilitate constructive relations between executive and non-executive Directors
- Ensure effective communication with shareholders
- Monitor workings and conduct of the Board and act on results of Board performance evaluation by recognizing strengths and addressing weaknesses of the Board

8. Roles and Responsibilities of the Chief Executive Officer ("CEO")

For the purposes of this Board Charter, Chief Executive Officer is also synonymous

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with Managing Director notwithstanding their distinct differences.

- Oversees day to day operations of the Company
- Develops strategies of the Company based on effective risk management controls
- Ensure a culture of good corporate governance and accurate reporting
- Provides effective leadership to the Company
- Acts as conduit between Board and management in ensuring proper management and corporate governance
- Implements policies, strategies and decisions adopted by Board of Directors and is accountable to Board for actions undertaken

In the absence of the Chief Executive Officer (or Managing Director), any of the Executive Director who is fully acquainted with the running of Company day to day affairs shall be the person directly responsible for the overall running of the Company.

9. Roles and Responsibilities of the Executive Director

- Provides leadership to management serving as conduit between management and the Board
- Contributes ideas to strategic vision of the Company
- Implements Company's strategies and policies established by the Board
- Responsible for day-to-day management of Company and accountable to Board
- Assists in laying out guidelines, criteria and targets for formulation of budget and projection
- Ensure that strategic vision and long-term plans of the company are communicated effectively to all levels of employees
- Keeps the Board well informed of all issues impacting the company and ensuring management reports are relayed adequately to Board members

9.1.1 Independent Director

An independent Director shall declare to the Company on an annual basis that he meets the minimum criteria of "fit and proper person" as follows:

- He is independent of management and free from any business relationship to the Company and/or related Companies or associate Companies which could interfere with the exercise of independent judgment or the ability to act in the best interest of the Company
- He is not an Executive Director of the Company and/or related Company
- He was not employed by the Company and/or related Company for the last two years
- He is not a substantial shareholder of the Company
- He is not a family member of any Executive Director, employee or major shareholder of the Company
- He has not been engaged as an adviser to the Company
- He has not engaged in any transaction with the Company
- He has not been involved in any conflict of interest situation with the Company

9.2 Roles and Responsibilities of the Independent Director

- Provides the necessary independence and objectivity to the Board
- Provides the relevant check and balance
- Mitigates any conflict of interest situation in policy making

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- Constructively challenges and contributes to development of Company strategy, policy making and direction
- Ensure that adequate framework and control systems are in place to safeguard interests of the Company
- Oversees the performance of the management in meeting agreed objectives and monitor the reporting of performance

10. Board Committees

The Board will establish the following Committees to assist the Board in discharging its duties and responsibilities effectively:

- Audit Committee
- Nomination Committee
- Remuneration Committee
- Risk Management and Sustainability Committee

Each Committee shall have its own written Terms of Reference approved by the Board. Formal minutes of each Committee meeting will be prepared and circulated to each Director together with a clear list of recommendations and other matters and issues for consideration.

These Committees have the authority to examine particular issues and report to the Board with their recommendations. However, the ultimate responsibility for the final decision on all matters lies with the Board.

10.1 Nomination Committee

The primary function of the Nomination Committee is to propose new nominees for the Board and to assess Directors on an ongoing basis.

It will also assess the effectiveness of the Board as a whole and contribution of each individual Director as a whole and assess the performance of the Company Secretary on an annual basis before recommending its findings to the Board.

The Nomination Committee will collectively undertake to review the required skills sets annually to ensure that the Board of Directors have an optimal mix of expertise and experience.

The Nomination Committee will develop assessment and criteria for recruitment of Board members and Directors, annual assessment of Directors as well as conduct “fit and proper” test of independence on Non-Executive Independent Directors.

10.2 Remuneration Committee

The primary function is to set the policy framework for the remuneration of the Directors to ensure that the policy on Directors is sufficient to attract and retain Directors of the calibre needed to manage the Company successfully.

The determination of remuneration of our Executive and Non-Executive Directors shall be a matter to be determined by the Board as a whole after taking into consideration the Remuneration Committee's recommendation.

The Remuneration Committee's primary responsibilities include establishing, reviewing and recommending to the Board the remuneration packages of each individual

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Executive Director and the Company Secretary.

The Remuneration Committee is also responsible for recommending the remuneration for the Senior Management and that the remuneration should reflect the responsibility and commitment that goes with it.

The primary roles and responsibilities of the Committee are clearly defined and include the following:

- To review the required mix of skills, experience and other qualifications which Directors (including Independent Directors) should bring to the Board in order for the Board to function effectively;
- To annually review and assess the contribution of each individual Director and to recommend to the Board new candidates for appointment as Director if there is a need for additional Board Members;
- To recommend to the Board a framework for remuneration for the Board and each Executive Director, which include but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind; and
- To establish objectives performance criteria and measurement to evaluate the performance and effectiveness of the Board as a whole and to assess the contribution by each individual Director.

10.3 Audit Committee

The Audit Committee shall be the focal point for communication between external auditors, internal auditors, Directors and the management on matters in connection with financial accounting, reporting and controls. It shall also ensure that accounting policies and practices are adhered to by the Company and its subsidiaries.

The Audit Committee shall comprise at least three members all of whom must be Independent Non-Executive Directors. The Chairperson of the Audit Committee shall not be the Chairman of the Board.

The Audit Committee shall, in accordance with procedures determined by the Board of Directors and at the expense of the Company:

- Investigate any activity within its term of reference, with the cooperation of all employees as directed by the Board and the Committee
- Have full and unrestricted access to all information, documents and resources required to perform its duties as well as to the internal and external auditors and Senior Management of the Company
- Obtain independent professional advice or other advice and to secure the attendance of external parties with relevant experience and expertise if necessary
- Convene meetings with internal or external auditors, without the attendance of Executive Directors whenever deemed necessary
- Make relevant reports when necessary to the relevant authorities when a breach of Listing Requirements has occurred.

The primary functions and duties of the Audit Committee are to:

- Review the quality of external auditors and to make recommendations on their appointment, termination and remuneration;
- Review the audit plan and audit reports, including evaluation of the internal control system with the external auditors;
- Review the independence and objectivity of the external auditors and their services including non-audit services;

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- Review the liaison between the external auditors, management and the Board, and the assistance given by management to the external auditors;
- Discuss problems and reservations arising from the interim and final audits and any matter the auditor may wish to discuss;
- Review the external auditor's audit report, management letter and management response;
- Review the assistance given by the employees of the Company and subsidiaries to the external auditor;
- Consider the appointment of the internal auditor, the audit fees and any queries pertaining to resignation or dismissal;
- Review the internal audit functions namely the scope, programme, authority and performance of the internal auditor;
- Review the internal audit programme and results of the internal audit process and where necessary, ensure that appropriate action is taken on the recommendations of the internal auditor;
- Review the performance of the internal auditor, whose role includes the examination and evaluation of the Company's operations and their compliance with the relevant;
- Review the quarterly reporting to Bursa Securities and year end annual financial statements before submission to the Board, focusing on major accounting policy changes, significant audit issues in relation to the estimates and judgment areas, significant and unusual events, and compliance with accounting standards and other legal requirements;
- Monitor any related party transactions and recurring related party transactions within the Company and to report if any such transactions are not based on arms-length terms and are disadvantageous to the Company;
- Review any related party transaction and conflict of interest situation that may arise within the Company including any transaction, procedure or cause of conduct that may raise questions of management integrity;
- Consider the major findings of internal investigations and management's response;
- Review and monitor the effectiveness of the Company's system of internal control; and
- Consider other matters as defined by the Board.

10.4 Risk Management and Sustainability Committee

The Board is committed to maintaining a sound system of internal control within the Company. The Board acknowledges that a good system of internal control covering all aspects of the business including compliance and risk management is required to safeguard shareholders' investment and the Company's assets.

The Risk Management and Sustainability Committee shall perform the following main functions:

- Assist the Board in identifying principal risks and implementing appropriate risk management system and risk assessment system to control risk in line with the Malaysian Code on Corporate Governance and Bursa Listing Requirements
- Monitor changes anticipated for economic and business environment including emergence of new types of risk, changes in degree of risk and the appropriate level of control to mitigate the new level of risk, legal and regulatory changes and other factors which could change the risk landscape
- Create a risk management framework and internal control system and review from time to time the framework to make any necessary changes
- Assist the Board in fulfilling its oversight responsibilities on the governance of sustainability in the Group including setting the Group's strategies relating to

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Environmental, Social and Governance (“ESG”) and ensure that sustainability considerations, including climate-related agenda are embedded into business decisions

- Oversee stakeholder engagement and its outcomes addressing economic, environmental, social and governance matters with regard to the strategic sustainability goals. In particular, matters that may affect the Group’s reputation. This shall include key concerns / allegations that are raised by stakeholders, evolving public sentiments and government regulations.

11. Matters Reserved for the Board

The Board is responsible for the stewardship of the Company’s business and affairs, setting the Company’s long-term strategic direction taking into account sustainability and stakeholders’ interest, approving and adopting strategic plans, safeguarding the proper organization of the business and overseeing the management of its day-to-day operations with the objective of creating long-term shareholders’ value.

The Board shall approve the Company’s core principles and ethical standards as outlined in the Code of Conduct.

Matters reserved for the Board for its collective review and approval are as follows:

- Strategy and Business Planning
- Finance, Annual Operating Budgets and Controls
- Structure and capital
- Compliance and risk management
- Contracts
- Communication
- Board Appointment and Remuneration
- Corporate governance matters
- Material acquisition and disposal of assets and securities
- Investment in major capital expenditure and major projects
- Major human resource issues
- Bank Borrowings
- Entering into Corporate Guarantee and Indemnity
- Approval of Dividends
- Granting of Power of Attorney by the Company
- Alteration of the Constitution of the Company
- Purchase of own shares by the Company
- Corporate Exercise and Scheme of restructuring
- Policy Statements & Review
- Any other major issues impacting Company significantly

The list above is not exhaustive and covers some of the key issues for the Board as a whole to deliberate upon.

In accordance with Companies Act 2016, the Board shall, in approving payment of dividends, consider the solvency test. The Company is considered solvent if it is able to settle its debts as and when it becomes due within 12 months immediately after the distribution of dividends is exercised.

The Board shall be involved in any issue which either individually or collectively may have a significant impact on the business of the Company.

The authority to decide on issues which are of major significance to the Company lies with the Board and may only be delegated to the Chief Executive Officer (or Managing Director) on a case by case basis.

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12. Board Meetings and Procedures

12.1 Notice of Board Meetings

By December each calendar year or last month of the financial year, the Chief Executive Officer (or Managing Director) shall after consultation with the Chairman provide a proposed draft timetable of meetings and meeting agenda for the following year.

The Chairman or his appointed deputy shall call for Board meetings. In the event that a Board member or Chief Executive Officer (or Managing Director) is unable to attend a Board meeting, the Company Secretary shall be promptly notified. The Chairman/Secretary shall invite deputies/proxies where relevant to attend the Board meeting on behalf.

Each Board member and/or the Chief Executive Officer may request for a Board meeting but shall notify and provide the meeting agenda to the Company Secretary. The Chairman is responsible to ensure that such a request is met and that a Board meeting is duly convened within a reasonable time after a request has been made. Board meetings shall be called within a minimum of seven (7) working days' notice. The notice can be shorter if the Chairman deems it acceptable for practicable or urgent reasons.

Notice of Board meetings shall be in writing or via email or telefax. The Chairman retains prerogative of holding Board meetings without written notice as long as Board members are informed accordingly.

12.2 Prior Processing

Together with the Chairman, the Chief Executive Officer (or Managing Director) is responsible for the appropriate preparation and documentation of issues to be dealt with by the Board. Necessary preparatory documents that give an account of the issues to be dealt with shall be included as agenda papers to the notice of meeting, along with proposals for resolutions. The Board documentation shall contain sufficient information to provide the Board members with an adequate basis to deliberate, and reach a decision, on the issue in question.

In the event that the Chairman considers it acceptable, or if it is vital for the issue in question to be dealt with at the forthcoming board meeting, Board documentation can be distributed on shorter notice or at the actual meeting.

12.3 Board Meetings

Before a board meeting can be conducted, all Board members, and if applicable any relevant deputies shall have been notified of the meeting. Unless otherwise determined by the Board, at least two of the Board members must participate either personally or via a video or telephone conference in order to form a quorum.

The Board shall, as a general rule, deal with issues in meetings where the members participate physically. However, if the Chairman finds that the agenda for a specific board meeting can be adequately deliberated by the Board without a physical meeting, and this is within the limits of applicable law, he/ she can decide that attendance may take place via video or telephone conference, or that the issues can be submitted in writing or be dealt with in another manner unless otherwise agreed by the Board.

The Company's annual accounts and annual report, and the appointment (including the stipulation of the remuneration) or dismissal of the Chief Executive Officer or Managing

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Director (and other members of the executive management if said persons have been appointed by the Board), shall always be dealt with in a physical meeting.

Issues that have a major impact on the business, such as mergers, takeovers or other major changes to the structure of the Company, substantial investments and the entering into of agreements of considerable importance to the Company should be dealt with in a physical meeting, unless there are significant reasons for dealing with them otherwise.

Board resolutions passed in writing, including by email or telefax, requires the participation of all Board members to be validly decided.

Board members and the Chief Executive Officer (or Managing Director) may request issues submitted in writing to be dealt with in a physical meeting before a decision is reached.

Board meetings shall be chaired by the Chairman or, in his/her absence, by (i) the deputy Chairman or Chief Executive Officer (or Managing Director), or (ii) a Board member appointed by the Board to preside over the meeting. The Company Secretary shall attend all meetings to take minutes of meeting and ensure compliance with meeting protocol. Senior Management of the respective departments and relevant management personnel may be invited to attend the Board meetings.

The Chief Executive Officer, or someone appointed by him/ her or proxy, shall be responsible for presenting individual matters set out in the agenda.

12.4 Decision Making Process

A decision by the Board requires the majority of the votes cast by the Board members who take part in the processing of an issue. In the event of an equality of votes, the Chairman shall have the casting vote.

If for any reason, only if there is an equal number of votes, precedence will be given to matrix of authority.

12.5 Minutes of Meeting

Minutes of the board meetings and its subcommittees shall be recorded by the Company Secretary. As a minimum, the minutes shall specify the date, time and place, the participants, the method of dealing with issues and the Board resolutions. The minutes shall also state that the required minimum number of Board members was present and that all Board members were given the opportunity to participate in the meeting or state the Director's abstention from participating in dealing with issues, where relevant.

The minutes shall also specify whether a decision was unanimous or who voted for and against the proposal. Those who vote against a proposal, and the Chief Executive Officer, is entitled to have his comments recorded in the minutes.

All questions and remarks made by Directors, including Independent Directors and AC members are minuted.

The minutes shall be signed by the Chairman or Chairman of the next succeeding meeting. In addition, Board members that did not participate in the meeting, shall be entitled to receive the minutes from the meeting in which they did not participate.

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The Board should always consider if documentation referred to in the minutes is to be appended to the minutes.

All Board and Board Committees' minutes shall be in English or include a full English translation.

The minutes shall be sent to the Board and Board Committees for review and comments as soon as possible after the meeting has taken place. The Board minutes shall be confirmed, approved and signed at the following Board and Board Committees' meeting.

12.6 Board Meeting

The Committee will meet at least four (4) times a year and such additional meetings as the Chairman shall decide in order to fulfil its duties. The external auditors may request a meeting if they consider that one is necessary.

The Quorum for each meeting shall be two (2) members and the majority of members present must be Independent Non-Executive Directors.

In order to allow sufficient time for better deliberation of the meeting, Board meeting papers and agenda are to be circulated within a reasonable period of time before the actual meeting.

The Secretary shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it to the Board members prior to each meeting.

All Board members will ensure that minutes of the meeting accurately reflect deliberations and decisions of the Board, including whether any Directors abstained on voting on a particular matter.

12.7 The Annual General Meeting

The Annual General Meeting serves as an important means for shareholder communication. Notice of the Annual General Meeting and Annual Reports are sent to shareholders at least twenty-eight days prior to the Meeting.

At each Annual General Meeting, the Board presents the progress and performance of the Company's business and encourages attendance and participation of shareholders during question and answer sessions. The Chairman and the Board will respond to all questions raised by the shareholders during the Annual General Meeting.

12.8 Extraordinary General Meeting

The Board shall consider requisitions by shareholders to convene an Extraordinary General Meeting or any other urgent matter requiring immediate attention of the Company.

12.9 Alternate Directors

A Director can from time to time nominate another Director as proxy to him and once appointed the Alternate Director may be entitled to receive notice of meeting, attend, speak and vote at Board meetings on behalf of the original Director when the appointing Director is unable or is not personally present at meetings.

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The Alternate Director shall be entitled to be paid remuneration or the proportion of the remuneration otherwise payable to his appointing Director on written notice to the Company from the Appointing Director.

His appointment as Alternate Director can be revoked at any time by the Appointing Director or by the majority of the Board. All appointments and revocations shall be effected in writing and notified to the Company Secretary.

An Alternate Director shall cease to be an Alternate Director in the event of resignation or retirement of the Appointing Director.

12.10 Vacation of Office of Directors

The position of the Director can become vacant in the following circumstances:

- Adjudicated as bankrupt
- Becomes of unsound mind
- Is absent from more than 50% of total Board meetings
- Is removed from office by resolution of the Board in a general meeting of which a special notice has been sent to the Director in question

When a Director is removed from Office, the Company shall made announcement to Bursa Securities and forward to Bursa a copy of any written representations made by the Director in question and simultaneously copies are sent to Board members and Company Secretary notifying as such.

12.11 Remuneration of Directors

The remuneration of Directors will be formulated to be competitive and realistic, emphasis being placed on performance and calibre, with aims to attract, motivate and retain Directors with the relevant experience, expertise and quality needed to assist in managing the Company effectively.

For Executive Directors, the remuneration packages link rewards to corporate and individual performance whilst for the Non-Executive Directors, the level of remuneration is linked to their experience and level of responsibilities undertaken.

The level of remuneration for the Executive Directors is determined by the Remuneration Committee after giving due consideration to the compensation levels for comparable positions among other similar Malaysian public listed companies.

The determination of the remuneration package of Non-Executive Directors, including Executive Chairman should be a matter for the Board as a whole. The individuals concerned should abstain from discussing their own remuneration.

No Director other than the Chief Executive Officer (or Managing Director) and Executive Director shall have service contract with the Company.

The Board shall put in place policies and procedures to determine the remuneration of Directors and Senior Management having regard to their skills and experience and the complexities and performance of the Company. The policies and procedures shall be periodically reviewed and made publicly available on the Company's website.

The Company shall ensure transparent and detailed disclosure of remuneration of individual Directors of the Board in the Annual Report. The remuneration breakdown of

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individual Directors shall include fees, salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

In accordance with Companies Act 2016, the remuneration of Directors fees and benefits payable shall be approved in a shareholders' meeting.

12.12 Declaration of Interest/Conflict of Interest

In accordance with the Companies Act 2016, Directors are under duty and initiative to declare external business interest which may directly or indirectly be in conflict of interest with the Company and the declaration shall be subject to Board deliberations.

Directors are required to take reasonable steps to avoid or resolve actual or potential conflict of interest situation with the Company. In the event of occurrence of conflict of interest, the Director shall excuse himself from Board deliberations or voting in respect of those interest.

Directors are expected to advise the Company Secretary on any proposed Board appointment to other companies as soon as possible. Directors cannot be appointed to any positions or be engaged with any competitor to the Company.

13. Access to the Advice and Services of the Company Secretary

Directors and the Board as a whole shall also have unlimited access to advice and services of the Company Secretary and may request information and documents relating to the Company from the Company Secretary in order to facilitate their work duties as Directors.

14. Independent Advice

Directors may also obtain professional advice of the Company Secretary or other professionals at the reasonable cost of the Company and after obtaining approval of the Board.

15. Directors Training

The Company acknowledges the fact that continuous education is vital for the Board members to gain insight into the state of the economy, technological advances in the core business, latest regulatory updates, and management strategies. In compliance with the Listing Requirements and the relevant Practice Note issued by Bursa Securities, all Directors must complete their Mandatory Accreditation Programme ("MAP") prescribed by Bursa Securities, as follows:

- (a) MAP Part I in relation to a Director's roles, duties and liabilities ("MAP Part I"); and
- (b) MAP Part II in relation to sustainability and the related roles of a Director ("MAP Part II").

The Directors must complete the MAP Part I within 4 months from the date of appointment; and MAP Part II within 18 months from the date of appointment.

The Directors shall be made aware of their annual duty to undergo appropriate training from time to time to ensure that they are equipped to carry out their duties effectively. The Board shall keep abreast of changes in both the regulatory and business

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environments as well as with new developments within the industry in which the Company operates.

Whenever the need arises, the Company will provide briefings of new recruits to the Board, to ensure they have a comprehensive understanding on the operations of the Company.

Board members shall be encouraged to not only attend meetings but also on their own initiative keep abreast of Company and industry developments.

16. Role of the Company Secretary

The appointment and removal of the Company Secretary is a matter for the Board as a whole. The Board as a whole shall appoint the Company Secretary via a Board Resolution to fulfil the following roles:

- Provides advisory role to the Board on Company Secretarial matters and maintains register, statutory records and company secretarial documents
- Advises and provides information and updates to the Board and its Committees on issues relating to corporate governance, compliance with laws, rules and regulations, procedures and protocol affecting the Company
- Attends and prepares minutes of Board meetings and ensure protocol and procedures of Board meetings are adhered to and that applicable rules and regulations are complied with
- Ensure interest of the Board and Company are protected
- Advises Directors to fulfil their obligations in regards to:
 - Disclosure of interest in securities of the Company
 - Disclosure of transactions with the Company
 - Prohibition of dealing in securities during closed period and moratorium
 - Restriction on disclosure of price sensitive information

The Company Secretary is accountable to the Board through the Chairman of the Board and Committees on all corporate governance matters.

17. Access to Information

The Board has a formal schedule of matters and access to information of the Company for decision-making to ensure that the direction and control of the Company is firmly in its hands.

Directors shall be provided with complete, adequate and timely information before each Board meeting and on an ongoing basis to enable the Directors to consider the matters to be deliberated and where necessary, obtain further information.

Proceedings of Board meetings are duly recorded and signed by the Chairman of the meeting.

Every Director has full and timely access to all Company information, records, documents and property to enable them to discharge their duties and responsibilities effectively. The Directors shall maintain confidentiality of privy information and safeguard the assets under their custody against abuse. The Directors, whether collectively or individually, may seek independent professional advice in furtherance of their duties at the Company's expense, if required. The Directors shall also have separate and independent access to senior management and Company Secretary at any point of time.

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18. Financial Reporting

18.1 Transparency

The Board is responsible to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and of the results and cash flow of the Company for the financial year ended.

In preparing the financial statements, the Directors will: -

- i. Adopt the appropriate accounting policies and applied them consistently;
- ii. Make judgements and estimates that are reasonable and prudent;
- iii. Ensure applicable approved accounting standards have been followed and any material departures have been disclosed and explained in the financial statements; and
- iv. Ensure the financial statements have been prepared on a going concern basis.

The Board is responsible for keeping proper accounting records of the Company which shall present a clear, balanced and comprehensive assessment of the Company's financial performance and prospects through the quarterly announcement of results to Bursa Securities as well as the Chairman's statement, review of operations and annual financial statements in the Annual Report. The Audit Committee will assist the Board in ensuring accuracy and adequacy of information by overseeing and reviewing the financial statements and quarterly announcements prior to the submission to Bursa Securities.

The Directors are responsible to ensure that the annual financial statements are drawn up in accordance with the applicable approved accounting standards in Malaysia and the Companies Act

19. Company's External Auditors

The External Auditors primary function is to review, evaluate and refine the Company's accounting policies and procedures and Company internal control measures.

The External Auditors is empowered to deal directly with the Audit Committee of the Company.

The External Auditors are invited to attend Audit Committee meetings as well as meetings to discuss and review Company audit findings, accounting policies and internal controls as and when necessary.

Appointment of Company Auditors is subject to voting of shareholders during the Annual General Meeting. The Company Auditors have to retire during the Annual General Meeting and be re-appointed for the next year by shareholders in a voting process at the remuneration to be determined by the Board.

20. Internal Audit Function

The Board has established an internal audit function for the Company which scrutinizes and reviews the adequacy of the risk management system, accounting systems and policies, operational control and procedures, health and safety mechanisms on a regular basis and which reports and submits interval reports to the Audit Committee on outcome of findings.

The Board shall review and disclose:

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- whether the internal audit personnel are independent and free of conflict of interest situation
- the amount of resources in the internal audit department
- name and qualification of person responsible for internal audit
- whether internal audit function is carried out in accordance with a recognized framework

21. Investor Relations and Shareholder Communication Policy

The Company recognizes the importance of communication with its shareholders and the investing community and utilizes many channels to disseminate information and to interact with them. The Company has a corporate website in which shareholders and the investing community can access up-to-date information about the business and the Company. The Company's website can be accessed via www.hartalega.com.my.

In addition, the Company will make various announcements on business developments using traditional mass media throughout the year employing an external public relations agency to assist interaction with the mass media. From time to time, the Company will conduct media briefings via its external public relations agency. The Company also releases financial results on a quarterly basis according to Bursa Securities's requirements.

The Company also aims to have full interaction with fund managers, institutional investors, analysts and major investors. The Company has established an Investor Relations Department designated for investor relations. Arrangements will be made for Executive Directors and Senior Management to communicate and meet with investors and analysts to brief them on the ongoing business landscape.

The Company will endeavor to ensure that information is disclosed on a timely basis, fully and fairly stated in a transparent manner and widely disseminated so that investors can make informed decisions.

Information is disseminated in strict adherence to disclosure requirements of Bursa Malaysia Securities Berhad.

The disclosures made by the Company to Bursa Securities, shareholders, investors and media are handled by the relevant personnel and/or Company Secretary within the prescribed disclosure requirements under the Bursa Listing Requirements. Such disclosures would only be released to Bursa Securities and media after having been reviewed by Senior Management and/or Executive Director.

The Company provides an avenue and opportunity during the Annual General Meeting for shareholders and media to interact and participate in Question and Answer Sessions with the Board.

22. Employees

The Board acknowledges that employees are invaluable assets to the Company and will seek to invest in human resource by continuously upgrading their skill sets and providing opportunities for learning and acquisition of knowledge. In this respect, the Company has formalized a knowledge management archive as part of its IT transformation programme to facilitate systematic archiving and retrieval of Company and industry information for the benefit of its employees.

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The Company adopts a comprehensive, formalized and documented policy and procedures in respect of Health, Safety and Environment and has set an annual target and mission to achieve zero accident which is part of Company employees Key Performance Index (KPI). The Company wants to ensure that the employee works not only in a conducive environment but also in a safe, clean and non-polluted environment.

The Company also provides annual budget for training and earmarks training as mandatory part of the employees' Key Performance Index (KPI).

The Company has also formalized an ESGS (Executive Share Grant Scheme) for eligible employees to drive and motivate eligible employees towards better performance through greater productivity and loyalty to work towards achieving the Group's goals and objectives. Besides remuneration, other benefits are available and documented in the Company's Employee Handbook which is given to all staff and Executive Directors.

23. Principles and Rules of Business and Conduct and Whistle-Blowing Policy

The Company is committed to high level of corporate governance, good behaviour and work ethics and has formalized Codes of Conduct as guiding principles to this end.

The Company also provides mechanism and procedure for whistleblowing, as formalized in the Whistleblowing Policy and Procedure, to encourage staff and stakeholders to whistleblow should they suspect any malpractice or serious misconduct which could jeopardize the Company.

24. Corporate Social Responsibilities

The Board acknowledges that the Company should play an active role in contributing towards the welfare of the community in which it operates.

The Board and Company supports charitable causes and initiatives and assists in community development projects.

The Company has formalized a Corporate Social Responsibility department for proactive initiatives in this regard.

25. Access to the Board Charter

A hardcopy of the Board Charter is provided to all Directors, Company Secretary, External Auditor and Internal Auditor for their perusal and understanding.

The Board Charter can also be access under the Corporate Governance segment of the Company website www.hartalega.com.my.

26. Review of the Board Charter

The Board Charter incorporates Principles and Recommendations of the Malaysian Code on Corporate Governance 2017, the Listing Requirements of Bursa Securities, the Bursa Malaysia Corporate Governance Guide, the Companies Act 2016 and other principles and guidelines on corporate governance. While the Board Charter serves as a structured guide for Directors and Board members, it shall not be construed as an exhaustive blueprint due to changes in the regulatory landscape.

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Consequently, the Board can review the Board Charter from time to time and make amendments to the Board Charter in line with new changes in law, rules and regulations, and circumstances.

The Board Charter has been reviewed and adopted by the Board on 9 July 2024.