

ELK-Desa Resources Berhad
Company Registration No. 198901002858 (180164-X)
[Incorporated in Malaysia]

Board Charter

1. Purpose

The Board Charter sets out the duties, responsibilities, functions and code of ethics of the Board, as far as possible, it is accordance with the principles and practices of good corporate governance of the Malaysian Code on Corporate Governance (“MCCG 2021”) issued by the regulatory authorities for the Directors to apply in all their dealings on behalf of the Group.

2. Authority

The Board derives its authority to act from the Constitution of the Company (“Constitution”) and the laws and regulations governing the companies in Malaysia.

3. Board of Directors

Board Composition

The Board Composition must consist of:

- (a) Two (2) directors or 1/3 of the board of directors, whichever is the higher, are independent directors; and
- (b) One (1) director is a woman.

The Board should be led by Directors who have the experience and background necessary to serve effectively on the Board and its committees, which may include financial, technical, business and other expertise as determined by the Board.

The Board delegates some of its functions to the Committees of the Board which operate within clearly defined terms of reference with a view to assisting in the fulfillment of its responsibilities.

Chairman of the various Committees reports to the Board with recommendations on all matters considered at its meeting. Minutes of each Committee meeting are also circulated to the Board.

Board Committees

The Board Committees established are as follows:-

- (a) Audit Committee
- (b) Nomination Committee
- (c) Remuneration Committee

The respective Committees’ terms of reference are reviewed by the Board on an annual basis and are available on the Company’s website.

Subject to the Company's Constitution, the Board size will be set by the Board based on the recommendation of the Nomination Committee. The specific number of Board members will be reviewed from time to time with the objective of maintaining the right mix of skills, experience, expertise, independence and other aspects of diversity.

Chairman

The Board may from time to time elect a Chairman from among its members as provided by the Constitution.

The Chairman is responsible for:-

- (a) The orderly conduct of board meetings, encouraging active participation and allowing dissenting views to be freely expressed at the board meeting;
- (b) Setting the right tones from the top so that the Board can perform its responsibilities effectively;
- (c) Setting the board agenda and ensuring that members have access to relevant information in a timely manner;
- (d) Ensuring effective communication with shareholders and relevant stakeholders;
- (e) Leading the Board in establishing and implementing good corporate governance practices in the company;
- (f) Ensure that general meetings support meaningful engagement between the board, senior management and shareholders

The Chairman leads the Executive Directors, to chart the strategic direction for the achievement of the Company Goals.

The roles of the Chairman and the Group Executive Director and Chief Executive Officer are separate and clearly defined and the positions are individually held by two (2) persons to ensure a balance of power and authority.

The Chairman of the Board should not be a member of the Audit Committee and Nomination Committee.

Group Executive Director and Chief Executive Officer

The role of the Group Executive Director and Chief Executive Officer is to oversee the day-to-day management of the Group's business and implementation of Board decisions. He is responsible for making and implementing operational and corporate decisions, overall planning, creating, implementing and integrating strategic decisions of the Group.

Senior Independent Director

The Senior Independent Director shall serve as a designated contact to whom concerns pertaining to ELK-Desa Resources Group may be conveyed by shareholders and other stakeholders.

The duties of a Senior Independent Director include the following:-

- (a) Acts as sounding board to the Board Chairman. He/she will offer counsel on matters such as Board dynamics and concerns of stakeholders;
- (b) Serves as intermediary for other directors, especially when matters that may not be appropriately raised in open forum or with the chairman directly;
- (c) Provides leadership support and advice to Board in the event Board is undergoing period of stress;
- (d) Leads in succession planning;
- (e) Leads in annual review of the Board, Board Committees and individual directors; and
- (f) Acts as the point of contact for shareholders and other stakeholders.

Non-Executive Directors

Non-Executive Directors contribute knowledge and experience towards the formulation of policies and in decision-making process. They could provide the relevant checks and balances, focusing on shareholders' and other stakeholders' interests and ensuring that high standards of corporate governance are applied.

They play the role of check and balance, to question the Management constructively and to monitor the deliverables of business objectives and plan set by the Board. They are free to interact with the Management at all levels as well as with the external and internal auditors, engage outsourced professional advisory function on any matters regarding the overseeing of the business and operations.

Independence

The tenure of independent directors should not exceed a cumulative term of nine (9) years from the date of his/her first appointment as an independent director. Upon completion of the nine (9) years, an independent director may continue to serve on the Board subject to the director's re-designation as a non-independent director. The nine years can either be a consecutive service of nine years or a cumulative service of nine years with intervals.

Notwithstanding this, the independent directors may continue to serve as independent members of the Board, if the Nomination Committee concludes and the Board concurred that the director is able to exercise independent judgement after nine years of service, subject to shareholders' approval for his/her re-election as independent director through a two-tier voting process.

A long-serving independent director of more than a cumulative period of twelve (12) years must resign from office or be re-designated as a non-independent director.

Gender Diversity

There shall be at least one (1) female Director in the Board Composition.

4. Appointment and Re-election

The appointment of a new Director is a matter for consideration and decision by the full Board, upon the recommendation of the Nomination Committee. In making these recommendations, the Nomination Committee will be guided by the Company Directors' Fit and Proper Policy criteria including the professionalism, integrity, expertise and experience of the candidate. In identifying candidates for appointments of directors, the Nomination Committee will not solely rely on recommendations from existing Board members, Senior Management or major shareholders or their contacts in the related industries. The Nomination Committee could utilise independent sources for sourcing suitable qualified candidates.

The new Director is required to commit sufficient time to attend to the Company's meetings/matters before accepting his/her appointment to the Board. The directorships held by any Board member at any one time shall not exceed five (5) in listed companies. The office of any Director shall become vacant if he/she is absent from more than fifty (50) per centum of the total Board meetings held during a financial year.

The Directors to retire at the Annual General Meeting every year shall be in the manner governed by the Company's Constitution provided always all Directors shall retire from office at least once in every three (3) years. A retiring Director shall be deemed to have offered himself/herself for re-election unless he/she has given notice in writing to the Company that he/she is unwilling to be re-elected or prohibited by the Act to be re-elected.

5. Roles of the Board

The roles of the Board are:

- (a) to encourage and promote together with the Management the practices of good corporate governance within the Group which include ethical and responsible decision making;
- (b) to set the objectives, strategies and goals for the Group with a view to maximise shareholder value. This includes ensuring that the strategic plan of the Company supports short and long-term value creation and includes strategies on economic, environmental (including climate-related risks and opportunities), governance and social considerations underpinning sustainability.
- (c) to oversee the conduct of the Group's businesses and evaluate whether or not the businesses are being properly managed;
- (d) to consider and approve matters in regard to corporate policies, material investment and acquisition/disposal of assets not in the ordinary course of business;

- (e) to identify the corporate principal risks, set the risk appetite and ensure there is a sound framework for internal control and risk management, implementation of appropriate systems to manage these risks;
- (f) to review the adequacy and the integrity of the Group's internal control systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- (g) to evaluate the performance of Directors and Board Committee members and, where appropriate, replace any underperforming Directors;
- (h) to determine the remuneration of Executive Directors and Non-Executive Directors of the Group, with the individuals concerned abstaining from discussions of their own remuneration;
- (i) to develop and implement an investor relations programme to communicate with shareholders and potential investors;
- (j) to provide necessary infrastructure and tools in the event of virtual general meeting (fully virtual or hybrid) for support of meaningful engagement between the board, senior management and shareholders;
- (k) to circulate minutes of general meeting to shareholders within 30 business days after the general meeting;
- (l) ensure the integrity of the company's financial and non-financial reporting, and that all its directors are able to understand financial statements and form a view on the information presented;
- (m) to ensure that the Group adheres to the high standards of ethics and corporate behavior;
- (n) to oversee the management of the Group's sustainability matters including:
 - i. setting the Group's sustainability strategy, priorities, metrics, targets and monitor the performance; and
 - ii. ensuring processes are established to enable transparent and effective communication of the Group's sustainability strategy, priorities, targets and performance to internal and external stakeholders.
- (o) to stay abreast with and understand the sustainability issues relevant to the Group and its businesses, including climate-related risks and opportunities.

Reserved Matters

There is a schedule of matters reserved specifically for the Board's decision and approval which may include but shall not be limited to the following:-

- (a) Annual financial budgets
- (b) Annual and quarterly financial statements after taking into consideration the recommendation of the Audit Committee for release
- (c) Bad debts to be written off and adequacy of the provisions of doubtful debts
- (d) Dividend and other distribution recommendations and payment
- (e) Changes to the composition of the Board and Board Committees
- (f) Appointment of external auditors and their fees
- (g) Authorisation of amendment to Constitution of Company
- (h) Major and material announcement other than general administrative announcement to be released to Bursa Malaysia Securities Berhad

6. Access to Information and Independent Advice

Directors shall have access to all information within the Group whether as a full Board or in their individual capacity, to the extent that the information required is pertinent to the discharge of their duties as Directors.

All Directors shall have access to the advice and services of the Company Secretary in carrying out their duties and are able to take independent professional advice at the Company's expense, if necessary.

7. Company Secretary

The appointment of the Company Secretary or Joint Secretaries shall in accordance with the Companies Act 2016 ("ACT") be appointed by the Board for such term and conditions. The main role of the Company Secretary includes:-

- (a) Assist the Chairman in the preparation for, and conduct of, meetings and facilitate board communication;
- (b) Ensures proper upkeep of statutory registers and records of the Company;
- (c) Attend Board, Board Committee and general meetings, and ensure the proper recording of minutes
- (d) Advise the Board on corporate governance developments and assist in applying the relevant corporate governance practices to meet the board's needs and stakeholders' expectations;
- (e) Assist in director training and development;
- (f) Facilitate the process of annual assessment of Board, Committee and individual director performance;
- (g) Manage the process of shareholders' general meeting; and
- (h) Advise the Board on corporate disclosure and compliance with Bursa Malaysia Securities Berhad Main Market Listing Requirements, company and securities regulations and other relevant guidelines.

8. Board Meetings

The Board is scheduled to meet at least 4 times a year at quarterly intervals, with additional meetings to be convened whenever required between the scheduled meetings. In exceptional circumstances, Board approvals are sought via circular resolutions, which are supported with sufficient information required to make an informed decision.

Agenda and Board papers will be circulated to the Board at least one (1) week prior to the Board meetings so as to give the Directors time to consider and deliberate on the issues to be raised at Board meetings.

Chairman of each Board Committees will report to the Board on matters deliberated by the committees which require the Board's attention and approval.

9. Code of Ethics and Conduct

The Board is committed to its role in establishing good ethical conduct for the Group. In relation thereto, the Board has approved a Code of Ethics and Conduct which commits the Group to ethical values and standards of conduct expected of the Group. It is based upon several principles contained in various policies adopted by the Group and gives guidance on how Directors, management and employees should apply to the Group's businesses and activities.

In addition, the Directors are required to observe a code of ethics in accordance with the Company Directors' Code of Ethics established by the Companies Commission of Malaysia. Directors who learn of or suspect that a violation of the Directors' Code of Ethics has occurred or is likely to occur must immediately report the violation to the Chairman. Issues regarding the Group's financial statements, financial reporting, accounting, auditing matters or internal controls should be reported to the Chairman of the Audit Committee.

Alleged violations of the codes may be raised through the Whistleblowing Channel and shall be investigated. Failure to observe the codes may result in disciplinary actions, including, where appropriate, termination of employment or appointment.

10. Whistleblowing Programme

The Board has formalised a whistleblowing policy which provides a channel for parties to provide information on frauds, wrong doings and non-compliance of regulations and procedures by an employee or a management staff of the Group.

The whistleblowing blowing programme is governed by the Group's whistleblowing policy and overseen by the Audit Committee. It allows the whistleblower to voice such concerns with complete confidentiality, knowing that the people who can address these issues are appropriately informed.

The whistleblower's identity is always kept confidential and is protected against any form of reprisal or retribution. The Board will be notified and updated on investigation of any concern raised.

11. Directors and Officers Liability Insurance

To the extent as permitted by the legislative law, the Company will provide Board Members and will pay the premiums for such indemnity and insurance cover while acting in their capacities as directors and officers of the Company. Provided always that such wrongful acts occur in good faith and not as a result of dishonesty, fraud, insider trading, malicious conduct, fines, penalties, liabilities arising from intentional breach of contract and punitive damages.

12. Induction and Training

In addition to the Mandatory Accreditation Programme as required by Bursa Malaysia Securities Berhad, the Directors are encouraged to attend various training programmes which are relevant to the Company's business and operations.

The Company will, on an on-going basis, at the Company's expense, organize trainings programs to ensure Directors are acquainted with the latest development to equip themselves with the relevant knowledge and ideas to discharge their duties and sustain active participation during Board deliberations.

The Directors will disclose the training courses they have attended during a financial year in the Company's Annual Report.

13. Review and Update

The Board Charter shall be reviewed annually and updated whenever there are amendments to the Companies Act 2016, Listing Requirements of Bursa Malaysia Securities Berhad, Malaysian Code on Corporate Governance, and any other relevant regulatory requirements.

Reviewed on 26 February 2026