

NEXTGREEN GLOBAL BERHAD

BOARD CHARTER

1.0 INTRODUCTION

The Board Charter sets out the composition, roles and responsibilities and processes of the Board.

The conduct of the Board is also governed by the Constitution of the Company. The Board Charter, which serves as a strategic guidance and effective oversight of management, is also intended to provide a concise overview of:

- i. The roles, responsibilities and accountability of the Board, Chairman, Managing Director, Executive Director, Independent Director and Company Secretary to the Company and its shareholders;
- ii. Delegation of authority by the Board to various Board Committees established in assisting the Board to execute its duties and responsibilities; and
- iii. Board's procedures and practices pertaining to meetings, appraisal, remuneration, training and development.

2.0 BOARD STRUCTURE

2.1 Composition

The number of directors shall not be less than 2 nor more than 9 as set out in the Company's Constitution.

In accordance with the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the Company must ensure that at least 2 directors or 1/3 of the Board, whichever is the higher, are independent directors. If the number of directors of the Company is not 3 or a multiple of 3, then the number nearest 1/3 must be used.

2.2 Appointment and Re-election

The Board is responsible to determine the appropriate size of the Board. The appointment of new director is a matter for consideration and decision by the Board, upon the recommendation from the Nominating Committee ("NC"). The NC will consider the required mix of skills, experience, other qualities and diversity, including gender, where appropriate, which the Director should bring to the Board.

In accordance with the Company's Constitution, one-third (1/3) of the Directors for the time being or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office at each Annual General Meeting provided always that all directors shall retire

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from office at least once in every three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires. Any new or additional Director appointed by the Board during the year shall hold office until the next Annual General Meeting and shall then be eligible for re-election. The election of each Director is voted separately.

3.0 ROLES AND RESPONSIBILITIES

3.1 Responsibilities of the Board

The Board is responsible for leading and managing the Company effectively. Each Director has a legal duty to act in the best interest of the Company. The Directors, collectively and individually, shall aware of their responsibilities to shareholders and stakeholders.

All Directors should objectively discharge their duties and responsibilities at all times in the interests of the Group and to keep abreast of his responsibilities as a Director and of the conduct, business activities and development of the Group.

In meeting the goals and objectives of the Group, the Board should, among others:

- promote good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour;
- review, challenge and decide on Management's proposals for the Group, and monitor their implementation carried out by Management;
- ensure that the strategic plan of the Group supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- supervise and assess Management performance to determine whether the Group's business is being properly managed;
- ensure that there is a sound framework for internal controls and risk management;
- understand the principal risks of the Group's business and recognise that business decisions involve the taking of appropriate risks;

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- assess and set the risk appetite within which Management should 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 that Senior Management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of Board and Senior Management;
- ensure that the Group has in place procedures to enable effective communication with stakeholders;
- ensure the integrity of the Group's financial and non-financial reporting; and
- review the terms of office and performance of the Board Committees annually (with members of the respective Board Committees abstain from deliberation)

3.2 Responsibilities of Chairman

The primary roles of the Chairman are:

- To provide leadership to the Board;
- To set the Board meeting's agenda and ensure that Board members receive complete and accurate information in a timely manner;
- To lead Board meetings and discussions;
- To encourage active participation of all Board Members and to allow dissenting views to be freely expressed;
- To liaise with the Managing Director and the Company Secretary on the agenda for Board meetings;
- To manage the interface between Board and Management;
- To ensure that appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board;
- To lead the Board in establishing and monitoring good corporate governance practices in the Group; and
- To chair general meetings of shareholders.

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3.3 Responsibilities of Managing Directors

The Managing Director is responsible to amongst other things:

- i. Develop and recommend to the Board the long-term strategy and vision of the Company and the critical performance targets;
- ii. Develop and recommend to the Board the annual business plans, budgets and risk management action plans that support the Company's long term strategy;
- iii. Manage day-to-day business affairs and ensure continuous improvement and development, maintenance, implementation, formulation and achievement of corporate policies and strategies sanctioned by the Board;
- iv. Ensure that the Company has an effective management team and structure, management development program and succession plan;
- v. Ensure effectiveness of internal control and risk management systems deployed in the Group; and
- vi. Keep Board informed of all important aspects of the Group's operations and to ensure that sufficient information is distributed to Board members.

3.4 Responsibilities of Independent Director

Independent Director of the Board must fulfil the provisions and definition of independent director of the Listing Requirements at all times and must declare their independence to the Board annually.

When Board intends to retain its Independent Director beyond nine years, it would justify and seek shareholders' approval in the AGM. However, if the Board continues to retain its Independent Director after the twelfth year, the Board would seek shareholders' approval through a two-tier voting process in the AGM.

The primary responsibility of Independent Directors is to ensure effective check and balance in the Board by:

- bringing independent and objectivity judgement to the Board;
- mitigating risk of any possible conflict of interest and undue influence in the Board; and

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- constructively challenging and contributing to the development of business strategy and direction of the Group.

3.5 Responsibilities of Board Committees

The Board may set up its Board Committees to assist the Board in discharging its duties. These Committees do not make decision on behalf of the Board but to review matters under its purview and make recommendation to the Board for its consideration and decision making.

The Board shall establish the following Committees and define their respective terms of reference:

- Audit and Risk Management Committee;
- Nominating Committee; and
- Remuneration Committee.

The role, function, performance and membership of each Committee will be reviewed on an annual basis as part of the Board's appraisal process. The Board may require members of Committees be rotated on and off their Committees taking into account the needs of the Committees, legislative requirements, skill sets and the experience of the individual Directors.

The respective Chairmen of the Board Committees shall provide meaningful response to questions addressed to them during general meetings.

4.0 MATTERS RESERVED FOR THE BOARD

In order to ensure that the direction and control of the Group is within the Board's hands firmly, the following list of matters shall be reserved to the Board for decision:

- Significant investment and divestment;
- Corporate exercise;
- Business strategy and sustainability issues;
- Performance review, remuneration, succession and appointment of directors and key senior executives;
- Shareholders' communication and matters; and

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- Board policies and governance related matters.

These matters reserved shall be communicated to all Directors, Company Secretary, Internal Auditors, External Auditors and the Senior Executives. Management shall familiarize and observe the matters reserved to the Board and undertake to provide adequate, timely and quality information to the Board for making its decision on these matters.

5.0 COMPANY SECRETARY

In order to carry his function effectively, Company Secretary should possess the knowledge and experience covering the knowledge in company and securities law, finance, governance, company secretaryship and listing requirements and undertake continuous professional development.

The roles and responsibilities of the Company Secretary include, but not limited to the following:

- Manage all Board's and Board Committees' meeting logistics;
- Attend and record minutes of all Board's and Board Committees' meetings and facilitate Board communications;
- Advise the Board and Board Committees on its roles and responsibilities;
- Facilitate the orientation of new directors and assist in director training and development;
- Advise the Board on corporate disclosures and compliance with securities regulations, listing requirements and companies act;
- Manage processes pertaining to annual shareholder meeting;
- Monitor corporate governance developments and assist the Board in applying governance practices to meet the compliance needs and stakeholders' expectations; and
- Serve as a focal point for stakeholders' communication and engagement on corporate governance issues.

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6.0 BOARD PROCESSES

6.1 Scheduling of Board Meetings

The Board meets at least four (4) times per year based upon a schedule set on yearly basis.

Apart from the pre-scheduled Board meetings, the Board may for the purpose of urgent matters, convenes ad-hoc Board meetings at any time during the year.

6.2 Agenda Item for Board Meetings

The Secretary shall discuss with the Managing Director and Group Accountant on the agenda item. The final agenda for the meeting would be given to the Chairman for his approval and clearance.

All Board Members may request for inclusion of any matter in the agenda for a particular Board meeting. The request must be sent seven (7) days before the meeting.

6.3 Board Meeting Materials

All meeting materials / report / papers as well as the notice and agenda will be compiled and distributed to all the Directors within an appropriate timeline for perusal. In case where the subject matter / agenda item is price sensitive or otherwise confidential or in a state of flux, the materials / report / papers will be presented directly at the meeting.

6.4 Convening a Board Meeting

The quorum necessary for the transaction of business of the Directors shall be fixed by the Directors from time to time and unless so fixed, the quorum shall comprise two (2) Directors.

Questions arising at any Board meeting shall be decided by a majority of votes, each Director having one vote and in case of an equality of votes, the Chairman shall have a second or casting vote except when only two (2) Directors are present and form a quorum or only two (2) are competent to vote on the question at issue, the Chairman shall not have a casting vote.

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6.5 Access of Information and Resources

The Board shall:

- have complete, adequate and timely information prior to Board meetings and on an ongoing basis;
- have the resources required to perform its duties;
- have full and unrestricted access to any information pertaining to the Group; and
- be able to obtain independent professional or other advice at the expenses of the Group.

Management is responsible for providing the Board with the required information in an appropriate and timely manner. If the information provided by management is insufficient, the Board may make further enquiries, to which the management staff responsible shall respond accordingly.

7.0 BOARD AND DIRECTORS PROFESSIONAL DEVELOPMENT

All Board members shall keep themselves abreast with the current business, industry, regulatory and legislative developments and trends that will affect the Company and Group's business operations.

Newly appointed Board members are mandated to attend the Mandatory Accreditation Programme as required under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad within 4 months from the date of appointment. In addition, they shall be briefed on the terms of their appointment, duties and responsibilities, the operations of the Group and the business and the environment and markets in which the Group operates;

Subsequently, all Board members are expected to undertake continuing professional education to enable them to discharge their duties effectively. While management, Company Secretary, Internal and External Auditors will brief the Board on changes in the legislative, regulatory or industry framework which impact the Group, this is not a substitute for the Directors' efforts to seek continuous knowledge of the changes in the market, business and regulations.

Based on the result of appraisal, the Nominating Committee would assist the Board to undertake an assessment of the training needs of each director.

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8.0 PERFORMANCE APPRAISAL

Regular reviews of Directors' effectiveness and performance are important for Board improvement. The Board shall reviews and evaluates each Director's performance, its own performance and the performance of its Committees at least once a year. When assessing its performance, the Board shall also evaluate its performance vis-à-vis the provisions in this Board Charter.

All Board related performance appraisal shall be administered and conducted by the Nominating Committee who shall then report back to the Board. Based on the result of appraisal, the Nominating Committee should assist the Board to undertake assessment of the training needs of each Board Member.

The Nominating Committee will review and assess the competency and area of weakness of the Board members as a whole. The Nominating Committee will recommend the appropriate educational/training programmes to the respective Board members to equip themselves with the relevant knowledge.

9.0 REMUNERATION

The Board is responsible to establish formal and transparent remuneration policies and procedures. In order to attract and maintain talents, the Board shall remunerate its Executive Directors and Senior Management reasonably and fairly based on the market trends and conditions as well the individual's and Group's performance. For Independent Non-Executive Directors', their remuneration shall be determined based on their qualification, experiences, competence having regard to their responsibilities and annual performance evaluation.

The Board may through Remuneration Committee draw advice externally, if necessary to review the remuneration of the Board and Senior Management.

10.0 GENDER DIVERSITY IN THE BOARDROOM

The Board endeavours to have at least 30% woman director on Board and to provide harassment and discrimination free work place in order to attract and retain women participation in the Board.

The Nominating Committee is responsible in ensuring the Board's gender diversity objective is followed in board recruitment and succession planning processes.

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11.0 REVIEW OF BOARD CHARTER

The Board Charter will be reviewed periodically and updated in accordance with the needs of the Company and any new regulation that may have an impact on the discharge of the Board's responsibilities.

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