

**Prestar Resources Berhad  
(Company No. 123066-A)**

**Board Charter**

(Revised and Adopted on 10 April 2018)

**1. Introduction**

The Board of Directors of Prestar Resources Berhad (“**the Board**”) recognises its duty of being an effective steward and guardian of the Company in setting strategic directions and overseeing the conduct of business to achieve its goals. In line with these duties and responsibilities, the Board has developed a Board Charter adopting the practices and guidances prescribed by the Malaysian Code on Corporate Governance.

All Board members are expected to act in a professional manner, thereby upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.

All Board members are responsible to the Company for achieving a high level of sound corporate governance practice.

Therefore, the Board Charter shall constitute and form an integral part of each Director’s duties and responsibilities.

**2. Interpretation**

AGM	:	Annual General Meeting
Board	:	Board of Directors of the Company
Bursa Securities	:	Bursa Malaysia Securities Berhad
Chairman	:	Chairman of the Board
Company or Prestar	:	Prestar Resources Berhad
CSR	:	Corporate Social Responsibility
Director(s)	:	A member of the Board
Executive Directors	:	Directors with executive powers and oversee the day-to-day management of the Company, excluding the GMD
GMD	:	Group Managing Director
Group	:	Prestar and its subsidiaries

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Independent Director(s)	:	A Director who does not participate in the management of the Company and satisfies the criteria for "independence" as set out in Bursa Securities LR
Management	:	Management personnel of the Company
LR	:	Main Market Listing Requirements
MCCG	:	Malaysian Code on Corporate Governance (Revised on 26 April 2017)
Non-Executive Directors	:	Directors without executive powers and do not participate in the day-to-day management of the Company

### **3. Purposes/Objectives of the Board Charter**

The objectives of the Board Charter are to ensure that the Directors are aware of their roles, duties and responsibilities, the application of practices and guidances of MCCG in their business conduct and dealings, and the various laws and legislations governing the Directors and the Company.

### **4. The Board (Board Structure)**

#### **4.1 Roles and Responsibilities of the Board**

##### **(a) Corporate Goal**

- Reviewing and approving the overall strategic plans and direction of the Company and the Group;
- Evaluating, approving and monitoring the annual budgets and business plans;
- Overseeing and evaluating the conduct and performance of the Company and the Group; and
- Evaluating and approving the major capital expenditures, capital management and all major corporate transactions.

##### **(b) Risk Management Framework and Internal Control System**

- Identifying the principal risks of the Company and ensuring the implementation of appropriate internal control and implementation of a proper risk management system.

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**(c) Integrity of Financial Reporting**

- Reviewing the adequacy and the integrity of the management information and internal controls system of the Company; and
- Ensuring regulatory compliance with applicable laws, regulations, rules, directives and guidelines.

**4.2 Board Composition**

The Board consists of qualified individuals with diverse experience, background and perspective to enable them to discharge their duties and responsibilities effectively. The composition and size of the Board facilitate the decision making of the Company. Pursuant to Article 103 of the Articles of Association of the Company, the Board shall comprise not less than two (2) or more than twelve (12) Directors.

In accordance with Paragraph 15.02 of Bursa Securities LR, at least one-third (1/3rd) of the Board shall comprise Independent Directors. In the event that the number is not three (3) or in the multiples of three (3), then the number nearest to one-third (1/3rd) shall apply. The Board shall comply with Bursa Securities LR as may be amended from time to time in respect of the composition of the Board. The composition of the Board shall reflect the level of investment in the Company by shareholders apart from the largest shareholders.

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

There is a separation of the role between the Company's Chairman and GMD to ensure a clear division of responsibilities and a balance of control, power and authority.

**4.3 Board Tenure**

In accordance with Article 112 of the Articles of Association of the Company, every newly appointed Director shall hold office only until the next following AGM subsequent to their appointment and shall then be eligible for re-election. Further, one-third (1/3rd) of the Board shall retire from office and be eligible for re-election at every AGM and all Directors shall submit themselves for re-election once at least in each three (3) years.

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The tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. However, upon completion of the nine (9) years, the Independent Director may continue to serve the Board subject to the Director's re-designation as a Non-Independent Director.

The Board may retain an Independent Director who has served the Board for a cumulative term of nine (9) years by providing justification and seek annual shareholders' approval at AGM. In the event the Board wishes to retain an Independent Director who has served the Board for more than twelve (12) years, the Board should provide justification and seek annual shareholders' approval at AGM through a two-tier voting process.

The two-tier voting process shall have the same meaning as defined in the MCGG.

#### **4.4 Nomination and Appointment**

The appointment of a new Director is a matter for consideration and decision by the full Board upon appropriate recommendation from the Nomination Committee. The Board does not solely rely on recommendations from existing Directors, Management or major shareholders but utilises independent sources to identify suitable qualified candidates, if required.

The directorships held by any Director shall not exceed five (5) listed companies pursuant to Bursa Securities LR.

#### **4.5 Role of Chairman**

The Chairman is responsible for the overall leadership and efficient operation of the Board. The key roles of Chairman, amongst others, are as follows:

- Leading the Board in setting the values and standards of the Company and the Group;
- Maintaining a relationship of trust with and between the Executive and Non-Executive Directors;
- Ensuring the provision of accurate, timely and clear information to the Directors;

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- Ensuring the integrity and effectiveness of the governance process of the Board;
- Ensuring effective communication with shareholders and relevant stakeholders;
- Arranging regular evaluation of the performance of the Board, the Board Committees and individual Director;
- Facilitating the effective contributions of the Directors; and
- Setting the agenda for Board meetings and ensuring that all relevant issues are on the agenda, in consultation with the GMD and the Company Secretaries.

**4.6 Board and Management - Role of the GMD**

The GMD is the communication channel between the Board and Management in ensuring the success of the Group's governance and management functions. Key duties and responsibilities of the GMD are as follows:

- Developing the strategic direction of the Group, with consultation and approval of the Board;
- Ensuring the effective implementation of the Group's business plan and policies established by the Board to achieve the corporate objectives;
- Accountable for overseeing the day-to-day operations to ensure the smooth and effective running of the Group;
- Monitoring performance results against business plans; and
- Ensuring compliance with governmental procedures and regulations.

Overall, the GMD is the leader to the whole Management team and is required to set high standard of good governance and examples to the employees of the Group during its day-to-day management.

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**5. Board Processes/Meetings**

**5.1 Frequency**

The Board schedules at least four (4) meetings a year at quarterly intervals with additional meetings convened whenever urgent or important matters and decisions are required.

**5.2 Agenda and Meeting Papers**

The notice of board meeting and the supporting board papers should be given at least three (3) business days in advance at each Board meeting and all Directors are expected to review in advance any such material in order to facilitate meaningful deliberation during each meeting.

**5.3 Minutes**

All deliberations of the issues discussed and the decision thereof are minuted and signed by the Chairman of the subsequent meeting after confirmed by the Board.

**5.4 Access to Information and Independent Professional Advice**

The Board shall be supplied with appropriate and timely information to enable it to discharge its duties. The Board papers are to be comprehensive and include all necessary information so that informed decisions could be made. The Board may also request for additional information whenever it deems necessary or appropriate.

Management of the Company is invited to the Board meetings to furnish clarification on certain issues.

All Directors have access to the professional advice and services of its qualified Company Secretaries in the course of discharging their duties and responsibilities on matters relating to procedures governing the Company which include the Companies Act, 2016, Bursa Securities LR and other applicable laws, rules and regulations, either as a full Board or in their individual capacity.

The Directors may take independent professional advice, whenever necessary and in appropriate circumstances, either individually or collectively, on any matter connecting with the discharge of their responsibilities at the expense of the Company.

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**5.5 Induction Process**

The objective of the induction process is to provide Directors with a rapid and clear insight into the Group as well as keeping them abreast with development in the market place pertaining to the oversight function of Directors. This will enable the Directors to discharge their duties and responsibilities effectively.

**6. Board Governance**

**6.1 Conflict of Interest – Directors' Shareholdings**

All Directors, whether directly or indirectly which include person connected, have interest in a contract or proposed contract with the Company, shall declare his/her interest in accordance with the provision of the Companies Act, 2016 and Bursa Securities LR. The Director concerned shall not participate in deliberations and shall abstain himself/herself from voting in any matter arising thereof.

**6.2 Compliance to Rules and Regulations**

The Board understands that the responsibility for good corporate governance rests with them and therefore strives to follow the practices and guidances stated in MCCG.

**7. Board Committees**

**(a) Audit Committee**

The Audit Committee of the Company shall consist of at least three (3) Independent Non-Executive Directors and the Chairman of the Audit Committee must not be the Chairman of the Board, which are in line with the MCCG and Bursa Securities LR.

All members of the Audit Committee shall be financially literate and at least one (1) member of the Audit Committee must fulfilled the conditions as set out under paragraph 15.09(1)(c) of Bursa Securities LR.

The principal objectives of the Audit Committee are to assist the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the holding company and each of its subsidiaries. In addition, the Audit Committee shall:

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- (i) evaluate the quality of the audits performed by the internal and external auditors;
- (ii) provide assurance that the financial information presented by Management is relevant, reliable and timely;
- (iii) oversee compliance with laws and regulations and observance of a proper code of conduct; and
- (iv) determine the quality, adequacy and effectiveness of the Group's control environment.

**(b) Nomination Committee**

The Nomination Committee shall consist of at least three (3) members and all of which are Independent Non-Executive Directors. The Nomination Committee assists the Board in regards to the following:

- Recommend to the Board, candidates for all directorships to be filled by the shareholders or the Board. In making its recommendations, the Nomination Committee would consider the candidates’:-
  - (i) skills, knowledge, expertise and experience;
  - (ii) professionalism;
  - (iii) integrity; and
  - (iv) in the case of candidates for the position of Independent Directors, the Nomination Committee would also evaluate the candidates’ ability to discharge such responsibilities/ functions as expected from Independent Directors.
- Consider in making its recommendations, candidates for directorship proposed by the GMD and within the bounds of practicability, by any other senior executive or any Director or shareholder.
- Recommend to the Board the nominees to fill the seats on the Board Committees.
- Develop criteria to be used for recruitment process, annual assessment of Directors and also assessment of independence of the Independent Directors.

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- An annual assessment of the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director.
- Review annually the term of office and performance of the Audit Committee and each of its members to determine whether the Audit Committee and members have carried out their duties in accordance with the terms of reference of the Audit Committee.
- Review training programmes for the Board and facilitate Board induction and training programmes, including induction training for new Board members.

**(c) Remuneration Committee**

The Remuneration Committee shall comprise wholly of Non-Executive Directors.

The primary objective of the Remuneration Committee is to assist the Board in assessing the remuneration packages of the Executive Directors with a view to ensure that a competitive remuneration package is offered to attract and retain the Executive Directors of the necessary caliber and experiences to manage the Company successfully.

**(d) Group Risk Management Committee**

The Group Risk Management Committee assists the Board to continuously review the activities of the Group to identify key business and operational risks and where possible, implement policies and procedures to address such risks.

The Group Risk Management Committee reviews the Group's overall objectives by assessing the adequacy and effectiveness of risk portfolio composition and risk mitigation controls to determine the desired exposures of each major area of risk on a periodic basis.

**8. Directors' Training**

In addition to the Mandatory Accreditation Programme as required by Bursa Securities, the Directors shall continue to undertake relevant training

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courses to keep abreast with development in the capital market, relevant changes in laws and regulations and on corporate governance matters to enhance their existing skills and knowledge in the discharge of their responsibilities.

The Board shall disclose in the Annual Report the trainings attended by the Directors.

**9. Directors' Remuneration**

The Remuneration Committee is responsible for recommending to the Board the remuneration framework and packages of all Executive Directors. The Directors concern shall abstain from deliberations and voting on their own remuneration.

The performance of Directors is measured by the Directors' contribution to both the Board and the Company.

The Executive Directors' remuneration is structured according to the skills, experience, responsibilities and performance of the Executive Directors as well as incorporating any market adjustment requirement.

**10. Company Secretaries**

The primary role of the Company Secretaries is to advise the Board and Board Committees on issues relating to compliance with Bursa Securities LR, laws, rules, procedures and regulations affecting the Company and the Group.

The appointment and removal of the Company Secretaries is a matter for the Board as a whole.

**11. Board-Shareholders Relationship  
- Communication /Investors Relations/AGM**

The Board shall maintain an effective communications policy that enables both the Board and Management to communicate effectively with its shareholders, stakeholders and the general public.

The Board to ensure that the AGM of the Company is conducted in an efficient manner and serves as a crucial mechanism in shareholders' communications which include the supply of comprehensive and timely

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information to shareholders and the encouragement of active participation at the AGM.

**12. Code of Ethics and Conduct**

The Directors are expected to conduct themselves with the highest ethical standards and in compliance with the Company's Code of Conduct and Ethics. All Directors are expected to behave ethically and professionally at all times and thereby protect and promote the reputation and performance of the Company. The following practices are observed as adherence to the code of conduct:

- At all times exercise his power for the purposes they were conferred, for the benefit and productivity of the Group.
- Avoid any conflict of interest and to disclose immediately all contractual interests, whether directly or indirectly within the Group.
- Be aware of the Company's policy on CSR.
- Ensure adequate safety measures and provide proper protection to workers and employees at workplaces.

**13. Stakeholders Relationship**

**- External Auditors / Internal Auditors and CSR**

**a) External Auditors and Internal Auditors**

The Board, through the Audit Committee, maintains a formal and transparent relationship with its external auditors and internal auditors in seeking their professional advices. The Board meets its internal auditors on quarterly basis.

The Audit Committee also meets with the external auditors without the presence of the Executive Directors and Management twice a year regarding audit planning and other relevant audit and accounting issues.

**b) CSR**

The Board acknowledges that the Company should play an important role in contributing towards the welfare of the community in which it operates. In the performance of duties of CSR, the Board shall at all times observe the following:

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- To ensure the effective use of natural resources and improve quality of life;
- Be more proactive to the needs of the community and to assist in society-related programmes, supports charitable causes and initiatives on community development projects;
- To ensure that the activities and the operations of the Company and the Group do not harm the interest and well-being of society at large; and
- To ensure adequate safety measures and proper protection to workers and employees at the workplace.

**14. Review of Board Charter**

The Board Charter will be reviewed on a periodic basis and may be amended by the Board from time to time to ensure that new laws, regulations, Bursa Securities LR or relevant developments having an impact on the discharge of the Board's responsibilities are taken into account.

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