



PT RESOURCES HOLDINGS BERHAD

Registration No. 201901032139 (1341469-P)

BOARD CHARTER

OVERVIEW

The Board of Directors (the “Board”) of PT Resources Holdings Berhad (the “Company”) is fully committed towards ensuring good corporate governance practices are implemented and maintained throughout the Company and its subsidiaries (the “Group”) as a fundamental part of discharging its duties to enhance shareholders’ values consistent with the principles and best practices set out in the Malaysian Code on Corporate Governance (the “Code”). The Board supports the highest standards of corporate governance and the development of best practices for the Group.

This Board Charter sets out the composition and balance, roles and responsibilities, operation and processes of the Board and is to ensure that all Directors acting on behalf of the Company are aware of their duties and responsibilities as Directors.

1. COMPOSITION AND BALANCE OF THE BOARD

1.1. Size and Composition

The Group is led by an effective and experienced Board comprising members who have varied experience in general business and financial aspects as well as in the technical and operational aspects.

The presence of the Independent Non-Executive Directors on the Board and in meetings ensures that decisions made by the Board remain objective and independent and that the interests of minority shareholders are addressed and are accorded with due consideration.

The Constitution of the Company provides for a minimum of two (2) Directors. At any one time, at least two (2) or one-third (1/3) of the Board, whichever is higher, are to be Independent Directors.

The composition and size of the Board are reviewed from time to time to ensure its appropriateness.

1.2. Nomination and Appointments

The Directors are appointed in a formal and transparent practice as endorsed by the Code. The Nomination and Remuneration Committee will make recommendations to the Board who will then go through the list of candidates identified and arrive at a decision on the appointment of the Director. The Company Secretary will then ensure that all appointments are properly made and that all legal and regulatory obligations are met. Appointment of Directors are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender. The Board may utilise independent sources to identify suitably qualified candidate.

All Directors shall notify the Chairman of the Board before accepting any new Directorship in other companies. The notification shall include an indication of time that will be spent on the new appointment. The Chairman shall also notify the Board if he has any new directorship or significant commitments outside the Company.

1.3. Re-election

In accordance with the Company's Constitution, all Directors appointed are subject to re-election by the shareholders at the annual general meeting following their appointment. At least one-third (1/3) of the Directors are required to retire from office by rotation annually and shall be eligible for re-election at each annual general meeting provided always that all Directors shall retire from office at least once every three (3) years.

1.4. Independence

The presence of Independent Non-Executive Directors ensures that views, consideration, judgment and discretion exercised by the Board in decision making remain objective and independent whilst assuring the interest of other parties such as minority shareholders are fully addressed and adequately protected as well as being accorded with due consideration.

1.5. Tenure of Independent Director

The tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. However, upon completion of the nine (9) years tenure, the Independent Director may continue to serve the Board subject to the Director's re-designation as a Non-Independent Director. In the event the Director is to remain designated as an Independent Director, the Board shall first justify and obtain shareholders' approval on a year to year basis through a two-tier voting process.

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

2. ROLES AND RESPONSIBILITIES

2.1. Board Responsibilities

The Managing Director and/or Executive Directors ("MD/EDs") together with management of the Company have the responsibility to manage the day-to-day operations of the business, implementation of the Board policies and making strategic decisions for the expansion of the business. The Non-Executive Directors contribute their expertise and experiences to give independent judgment to the Board on issues of strategy, performance and resources including major policies, key directions and standards of conduct.

The Board is responsible for the overall corporate governance of the Group including reviewing, adopting and approving the Group's overall strategic direction, business plans, key operational initiatives, annual budget, major acquisitions or disposal of undertakings, capital commitments and funding decisions. Further, the Board also oversees the conduct and sustainability of the Group's business, assuming the responsibility for succession planning, reviewing the risk management process and internal control systems to minimise the downside risk for the Group in its business endeavours and to ensure compliance with relevant rules and regulations.

The Directors are required to declare their direct and indirect interests in the Company and related companies. The Directors are also responsible to declare whether they and/or any person(s) connected to them have any potential conflict of interest in any transaction and/or in any contract with the Company and/or any of its related companies. Any Director who has an interest in any related party transaction shall abstain from the Board's deliberation and voting and shall ensure that he or she and person(s) connected to him or her will abstain from voting on the related resolution.

2.2 Accountability and Audit

i. Financial Reporting

The Board has overall responsibility for the quality and completeness of the financial statements of the Company and the Group, both on a quarterly and full year basis, and has a duty to ensure that those financial statements are prepared based on appropriate and consistently applied accounting policies, supported by reasonably prudent judgment and estimates and in accordance to the applicable financial reporting standards.

The Audit and Risk Management Committee plays a crucial role in assisting the Board to scrutinise the information for disclosure to shareholders to ensure material accuracy, adequacy and timeliness.

ii. Internal Control and Risk Management

The Board is responsible for maintaining a sound system of internal control to safeguard shareholders' investments and the Company's assets and for reviewing the adequacy and integrity of the system. The system of internal control covers not only financial controls but operational and compliance controls and risk management.

Risk management is an integral part of the Group's business operations and it is subject to periodic reviews by the Board. The Group has adopted a structured risk management framework with discussions involving different levels of managements to identify and address risks faced by the Group.

Management is responsible for implementing the processes for identifying, evaluating, monitoring and reporting of risks and internal control, taking appropriate and timely corrective actions as needed and for providing assurance to the Board that the processes have been carried out.

The Audit and Risk Management Committee has been entrusted by the Board to ensure effectiveness of the Group's internal control systems. The activities of the outsourced Internal Auditors are reported regularly to the Audit and Risk Management Committee which provides the Board with the required assurance in relation to the adequacy and integrity of the Group's system of internal controls.

The Board recognises that identification, evaluation and management of significant risks faced by the Company are an ongoing process. The improvement of the system of internal controls is an on-going process and the Board maintains an on-going commitment to strengthen the Company's control environment and processes.

The Company outsourced its internal audit function to an independent professional firm to help the Company to accomplish its goals by bringing an objective and disciplined approach to evaluate and improve the effectiveness of risk management, internal control, anti-corruption, whistle blowing and governance processes.

iii. Relationship with Auditors

The Group has established a transparent and appropriate relationship with both the outsourced Internal Auditors and the External Auditors. Such relationship allows the Group to seek professional advice on matters relating to compliance and corporate governance. The internal audit function of the Group is outsourced to a third party. As is done by the External Auditors, Internal Auditors too have direct reporting access to the Board and the Audit and Risk Management Committee to ensure that issues highlighted are addressed independently, objectively and impartially without any undue influence on the management.

2.3 Responsibilities of the Chairman and MD/EDs

The Board's Chairman shall be an Independent Non-Executive Director. The role of the Chairman and the MD/EDs are distinct and separate to ensure there is balance of power and authority. The Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board while the MD/EDs have overall responsibility for the day-to-day management of the business and implementation of the Board's policies and decisions. The responsibilities of the Chairman include, but are not limited to, the following:-

- a. Leadership to the Board in setting the direction and policies of the Group;
- b. Leading Board meetings and discussions;
- c. Encouraging active participation and allowing dissenting views to be freely expressed;
- d. Supporting and guiding management in achieving corporate objectives;
- e. Advising the Board of good investor relation with effective communication on the Group's performance and strategic plans;
- f. Representing the Board to shareholders and managing the interface between the Board and the management;
- g. Maintaining regular dialogue with the MD/EDs on overall operational matters and consulting with the remainder of the Board promptly over any matters that gives him/her cause for major concern; and
- h. Performing other responsibilities assigned by the Board from time to time.

The responsibilities of the MD/EDs include, but are not limited to, the following:-

- a. Business direction - to steer and direct the business of the Group's core operations as well as its various investments to ensure maximum financial return through synergetic application and implementation of the Group's business model and branding;
- b. Strategic planning - to develop, implement and monitor strategies that incorporate leading business thinking and best practices from all industries and sectors to advance the Group business;
- c. Succession planning - to effectively oversee the human resources of the Group with respect to key positions in the Group's hierarchy and recruitment of senior management staff, determination of remuneration as well as terms and conditions of employment for senior management and issues pertaining to discipline;
- d. Stakeholder management - to be the face of the Company in interactions where the interests of the Company as a whole are critical;
- e. Business development - to explore new business opportunities within the supply chain and related industries using the Company's size and strength as leverage;
- f. Corporate culture - to cultivate a strong, positive and unique culture exists throughout the Group to become a strategic advantage to the Group;
- g. Financial responsibilities - to achieve industry-leading financial results through strong and sustainable revenue as well as market share growth;
- h. Operations responsibilities - to achieve excellent internal operations that reduce costs and continually improve efficiencies;
- i. Stakeholders management responsibilities - to provide and maintain ongoing engagement and communication with shareholders, public, media, government bodies and other stakeholders in order to build trust and understanding between the Group and its stakeholders;

- j. Customer responsibilities - to improve customer experience through the Group's branding growth and achieve revenue and profitability growth; and
- k. Board balance - to assist the Chairman in organising information necessary for the Board to deal with the agenda and for providing such information to Directors on a timely basis.

2.4 Board Committees

The Board may from time to time establish Committees as is considered appropriate to assist in carrying out its duties and responsibilities. The Board delegates certain functions to the following Committees to assist in the execution of its responsibilities:-

- i. Audit and Risk Management Committee; and
- ii. Nomination and Remuneration Committee.

The Committees shall operate under clearly defined Terms of Reference. The Committees are authorised by the Board to deal with and to deliberate on matters delegated to them within their Terms of Reference.

2.5 Company Secretary

The Board appoints the Company Secretary who plays an important advisory role and ensures that the Company Secretary fulfils the functions for which he/she has been appointed.

The Company Secretary is a central source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company.

The appointment and removal of the Company Secretary is a matter for the Board as a whole. The Board recognises the fact that the Company Secretary should be suitably qualified and capable of carrying out the duties required.

All Board Members, particularly the Chairman, have unrestricted access to the advice and services of the Company Secretary for the purposes of the Board's affairs and the business.

3. BOARD PROCESSES

3.1. Board Meetings

The Board meets at least four (4) times a year with additional meetings to be convened whenever necessary. The Directors receive notices of meetings typically at least five (5) business days prior to the date of the meeting, setting out the agenda for the meetings, complete with a full set of Board Papers. The Board Papers provide sufficient details of matters to be deliberated during the meeting and the information provided therein is not confined to financial data but includes also non-financial information, both quantitative and qualitative, which are deemed critical for the Directors knowledge and information in arriving at a sound and informed decision. Where necessary, senior management and/or external professionals may be invited to attend these meetings to clarify and/or explain matters being tabled.

Minutes of Board meetings together with decisions made by way of resolution passed are duly recorded and properly kept by the Company Secretary.

3.2. Directors' Training

The Directors are encouraged to attend relevant seminars and training programmes to equip themselves with the knowledge to effectively discharge their duties as Directors. In addition, individual directors are responsible for determining their continuous training needs to keep abreast of changes in both the regulatory and business environments as well as new developments in the industry within which the Group operates.

The Board will assess the training needs of the Directors and ensure Directors have access to continuing education programme. The Board shall disclose in the Annual Report the trainings attended by the Directors.

3.3. Directors' Remuneration

The Board, through the Nomination and Remuneration Committee establishes formal and transparent remuneration policies and procedures to attract and retain Directors. The Nomination and Remuneration Committee has written Terms of Reference which details its authority and duties and the Terms of Reference is published on the Company's website.

The Directors' remuneration is structured so as to link rewards to their corporate and individual performance. The Board recognises that levels of remuneration must be sufficient to attract, retain and motivate the Directors of the quality and calibre required to manage the business of the Company and to align the interests of the Directors with those of the shareholders.

The Board will determine the level of remuneration of Directors, taking into consideration the recommendations of the Nomination and Remuneration Committee for the Executive Directors.

Non-Executive Directors will be paid a basic fee as ordinary remuneration and will be paid a sum based on their responsibilities in committees and the Board, their attendance and/or special skills and expertise they bring to the Board. The fee shall be fixed in sums and not by a commission on or percentage of profits or turnover.

The Remuneration Policy sets out the remuneration for the Board and the Nomination and Remuneration Committee to determine the remuneration of Directors and/or senior management of the Company which takes into account the demands, complexities and performance of the Company as well as skills and experience required. The Remuneration Policy will be periodically reviewed by the Board and is published on the Company's website.

The interested Directors shall abstain from voting on the resolution relating to their remuneration.

3.4. Access to Information and Independent Advice

The Directors have unrestricted access to information from the management, the Company Secretary, the outsourced Internal Auditors as well as the External Auditors of the Group in furtherance of their duties. If the need arises, they are free to obtain independent professional advice at the Company's expense.

3.5. Investor Relations and Shareholder Communication

The Board values the importance of the dissemination of information on major developments of the Group to the shareholders, potential investors and the general public in a timely and equitable manner. Quarterly results, announcements, annual reports and circulars serve as primary means of dissemination of information so that the shareholders are constantly kept abreast of the Group's progress and development. The Company's corporate website serves as one of the most convenient ways for shareholders and members of the public to gain access to corporate information, news and events relating to the Group.

The Board will ensure that the general meetings of the Company are conducted in an efficient manner and serve as a mode in shareholders communications. These include the supply of comprehensive and timely information to shareholders and the encouragement of active participation at the general meetings.

The Annual General Meeting ("AGM") remains as a principal forum used by the Group for communication with its shareholders. During the AGM, shareholders are accorded time and opportunity to query the Board on the resolutions being proposed and also matters relating to the performance, developments within and the future direction of the Group. Shareholders are also invited to convey and share their inputs with the Board. Where applicable, the Board will also ensure that each item of special business that is included in the notice of meeting is accompanied by a full written explanation of that resolution and its effects to facilitate the understanding and evaluation of it.

The Board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the Board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. This provides the opportunity for shareholders to have real-time interaction with the board and senior management including responses to any questions or remarks posed.

4. ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

The Anti-Bribery and Anti-Corruption Policy applies to all employees (whether temporary, contractual basis or permanent), Directors and Business Associates of the Group. They are expected to carry out their duties with the utmost integrity, grounded on sound moral and ethical principles.

The Board will review the Anti-Bribery and Anti-Corruption Policy periodically to ensure its effectiveness and consistency with the governing legislation and regulatory requirements. This Policy is published on the Company's website.

5. WHISTLE BLOWING POLICY

The Whistle Blowing Policy serves to provide an avenue for all employees of the Group and members of the public to raise concerns or disclose any improper conduct within the Group and to take appropriate action to resolve them effectively.

The Board will review the Whistle Blowing Policy periodically and it is published on the Company's website.

6. CODE OF ETHICS AND CONDUCT

All Directors and employees of the Group in exercising and/or discharging their powers or duties shall comply with all the applicable laws, rules and regulations including the constitution of the Group. The core areas of conduct include the following:-

- i. Compliance at all times with the Code of Ethics and Conduct and the Board Charter.
- ii. Observe high standards of corporate governance at all times.
- iii. Observe high standards of business, professional and ethical conduct and to refrain from offering, giving to or receiving any gifts and any other form of benefits (in kind, cash, advantages and/or favour, etc) from persons or entities who deal with the Company where such gift or benefit would reasonably be expected to influence the performance of their duties in any aspect.
- iv. To adopt a zero-tolerance approach against all forms of bribery and corruption.

- v. Adhere to the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership including fair dealing and the ethical handling of conflicts of interest.
- vi. Not misuse information gained in the course of duties for personal gain or for political purposes.
- vii. Uphold accountability and act in good faith and in the best interests of the Company and the Group.
- viii. Ensure the protection of the Company's legitimate business interests, including corporate opportunities, assets and confidential information.
- ix. Ensure full, fair, accurate, timely and understandable disclosure.
- x. Declaration of any personal, professional or business interests that may conflict with responsibilities.

In the event of any violation of this Code of Ethics and Conduct by any Director or employee of the Group, the Board shall determine the appropriate action to be taken after considering all relevant information and circumstances.

The Board will review the Code of Ethics and Conduct regularly to ensure that it continues to remain relevant and appropriate.

7. REVIEW OF THE BOARD CHARTER

The Board will review this Board Charter from time to time and make any necessary amendments to ensure it remains consistent with the Board's objectives, current law and practices. The Board Charter is made available for reference on the Company's website.

8. BOARD APPROVAL

This Board Charter (Version No. 1) was reviewed and adopted by the Board of the Company on 31 July 2022.