

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 9873  
**COMPANY NAME** : Prestar Resources Berhad  
**FINANCIAL YEAR** : December 31, 2022

## OUTLINE:

### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

### **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: <p>As at 27 April 2023, the Board of Directors ("Board") comprises eleven (11) members with wide and diverse backgrounds and experiences in various fields and industries.</p> <p>The Board takes full responsibility for the overall performance of the Company and its subsidiaries ("the Group") by setting the strategic directions and objectives, formulating the policies and executing the key strategic action plans. The Board regularly reviews the Group's business operations and maintains full and effective control over the management of the Group.</p> <p>The duties and responsibilities of the Board include determining the Group's overall strategic plans, performing periodic reviews of the business and financial performance, as well as adopting and implementing the risk management and internal control systems within the Group.</p> <p>The roles and responsibilities of the Board are clearly set out in the Board Charter and also disclosed in the Corporate Governance Overview Statement in the Annual Report 2022.</p> <p>The Board has adopted a schedule of matters specifically reserved for its approval which include, amongst others, reviewing and approving the following:</p> <ul style="list-style-type: none"><li>a) Strategic/business plans and annual budget.</li><li>b) New investments, divestments, mergers and acquisitions and corporate restructuring.</li><li>c) Acquisition and disposal of significant assets of the Company.</li><li>d) Annual audited financial statements and the quarterly financial results prior to release to Bursa Malaysia Securities Berhad ("Bursa Malaysia Securities").</li></ul>

	<p>e) Appointment of new Directors including the Group Managing Director based on recommendations of the Nomination Committee (“NC”).</p> <p>f) Related party transactions.</p> <p>The Board has also delegated certain specific responsibilities to the following Board Committees which operate within clearly defined terms of reference (“TOR”):</p> <p>i. Audit Committee (“AC”);</p> <p>ii. NC;</p> <p>iii. Remuneration Committee;</p> <p>iv. Risk Management Committee; and</p> <p>v. Employees’ Share Option Scheme (“ESOS”) Committee.</p> <p>The Chairmen of the respective Board Committees report to the Board on activities occurring within their jurisdictions and escalate major decisions to the Board for consideration, whenever applicable.</p> <p>The TOR of the Board Committees (except ESOS Committee) as approved by the Board are available on the Company’s corporate website at <a href="http://www.prestar.com.my">www.prestar.com.my</a>.</p>
<p><b>Explanation for departure</b> :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b> :</p>	
<p><b>Timeframe</b> :</p>	

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is chaired by Encik Shamsudin @ Samad Bin Kassim, an Independent Non-Executive Director who is primarily responsible for the overall leadership and the orderly conduct and function of the Board.</p> <p>The key roles and responsibilities of the Chairman as set out in the Board Charter include amongst others, the following:</p> <ul style="list-style-type: none"> <li>• Leading the Board in setting the values and standards of the Company and the Group;</li> <li>• Maintaining a relationship of trust with and between the Executive and Non-Executive Directors;</li> <li>• Ensuring the provision of accurate, timely and clear information to the members of the Board;</li> <li>• Ensuring the integrity and effectiveness of the governance process of the Board;</li> <li>• Ensuring effective communication with shareholders and relevant stakeholders;</li> <li>• Arranging regular evaluations of the performance of the Board, Board Committees and individual Directors;</li> <li>• Facilitating the effective contributions of all Board members;</li> <li>• Setting the agenda for Board meetings and ensuring that all relevant issues are on the agenda, in consultation with the Group Managing Director and the Company Secretaries; and</li> <li>• Performing other responsibilities assigned by the Board from time to time.</li> </ul> <p>The Chairman also ensures that appropriate and sufficient time is allocated for all matters discussed and conclusive reviews are given on issues raised during the Board meetings.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

**Practice 1.3**

The positions of Chairman and CEO are held by different individuals.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Chairman of the Board, Encik Shamsudin @ Samad Bin Kassim, an Independent Non-Executive Director and the Group Managing Director of the Company, Dato' Toh Yew Peng, both holding separate position and their respective roles and responsibilities are governed by the Board Charter.</p> <p>The roles and responsibilities of the Chairman and the Group Managing Director are made clearly distinct to further enhance the existing balance of power and authority.</p> <p>The Chairman is responsible for the overall leadership and governance of the Board, while the Group Managing Director is accountable for overseeing the day-to-day management and running of the Group and the implementation of the Board's decisions and policies.</p>	
<b>Explanation for departure</b>	:		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.4

The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
<b>Application</b> :	Departure
<b>Explanation on application of the practice</b> :	
<b>Explanation for departure</b> :	<p>Encik Shamsudin @ Samad bin Kassim ("Encik Samad"), the Chairman of the Board is also a member of the Remuneration Committee and NC.</p> <p>Encik Samad was invited to sit on these two (2) Board Committees due to his vast experiences related to the matters delegated to these two (2) Board Committees. He provides constructive ideas and opinions to the Board and Board Committees respectively based on different perspectives as a Board Chairman and member of the Board Committees.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.5

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group engages Securities Services (Holdings) Sdn. Bhd., an external secretarial firm to carry out the responsibilities of corporate secretarial matters, provides support to the Board and keeps the Board abreast of changes to Bursa Malaysia Securities Main Market Listing Requirements (“Main LR”) and statutory requirements.</p> <p>The duties of the Company Secretaries are disclosed in the Corporate Governance Overview Statement in the Annual Report 2022.</p> <p>Both the Company Secretaries, Ms. Chua Siew Chuan and Ms. Chin Mun Yee, have the requisite credentials and are qualified to act as the Company Secretaries pursuant to Section 235(2) of the Companies Act 2016. They are also members of the Malaysian Institute of Chartered Secretaries and Administrators, as recognised by the Companies Commission of Malaysia.</p> <p>The Board is satisfied with the performance of the Company Secretaries and they have provided sound governance advice, ensured adherence to the rules and procedures and advocated the adoption of corporate governance best practices.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.6

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>All Directors are furnished with a comprehensive Board and Board Committees meeting agenda, minutes of meeting and relevant meeting materials and documents in a timely manner prior to each Board and Board Committees meeting. Where necessary, certain documents are sent earlier through email before despatching the hardcopy of the meeting materials to allow the Board and Board Committees members to have sufficient time to review and request any further information or clarification prior to the Board and Board Committees meetings.</p> <p>While carrying out their duties, all Directors have complete and unrestricted access to both Management and Company Secretaries. If needed, senior management and consultants would be invited to the Board and Board Committees meetings to provide guidance or deliver in-depth explanations and clarifications on pertinent agenda items, helping the Board and Board Committees to gain a comprehensive understanding of the matters involved.</p> <p>Upon conclusion of the Board and Board Committees meetings, the draft minutes are circulated to the Board and Board Committees for comments and to ensure that the minutes of meetings accurately reflected the deliberations and decisions of the Board and Board Committees, including whether any Director/member who has an interest in the matter discussed has abstained from voting or deliberating on a particular matter. Thereafter, the final minutes are confirmed and approved by the Board and Board Committees and signed by the Chairman of the succeeding meeting as a correct record of the proceedings.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
------------------	---	--	--

### Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

### Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board Charter sets out the roles, duties and responsibilities of the Board, outlines the membership guidelines, procedures for Board meetings, Directors' remuneration, and investor relations and shareholders' communication.</p> <p>The Board Charter was adopted by the Board on 25 April 2013 and the last review of the Board Charter by the Board was on 10 April 2018.</p> <p>The Board Charter would be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities. Any subsequent amendments to the Board Charter can only be approved by the Board.</p> <p>The Board Charter is available on the Company's corporate website at <a href="http://www.prestar.com.my">www.prestar.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

### Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Code of Conduct and Ethics ("the Code") of the Company applies to all Directors of the Group during the conduct of the business of the Group. The Code was initially adopted on 24 November 2016 and was reviewed by the Board on 14 May 2020.</p> <p>In addition, all Executive Directors of the Group are required to observe and comply with the Code of Conduct for the workplace which is issued by the Group Human Resources department.</p> <p>All Directors shall be accountable for full compliance with the Code. In the event of any violation of the Code, the Board shall take necessary actions to ratify the non-compliance or violation.</p> <p>The Code is available on the Company's corporate website at <a href="http://www.prestar.com.my">www.prestar.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

**Practice 3.2**

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Whistleblowing Policy (“WBP”) was established by the Board to uphold the Group’s effort and commitment to doing business with ethics of honesty and integrity, henceforth, providing a transparent and confidential process for handling the whistleblowing reports. The WBP was originally approved and adopted by the Board on 24 November 2016 and subsequently reviewed on 14 May 2020.</p> <p>The WBP will serve as an avenue for all employees and members of the public to disclose any improper conduct or any action that is or could be harmful to the reputation of the Group and/or compromise the interests of the stakeholders.</p> <p>The WBP is available on the Company’s corporate website at <a href="http://www.prestar.com.my">www.prestar.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is responsible for managing the sustainability matters of the Group. The Group has established a Sustainability Committee ("SSC") comprising Executive Directors of the Company and certain key Management staff. The SSC reports to the Group Managing Director who in turn reports the progress and updates to the Board annually and seeks their advice on related issues.</p> <p>Sustainability agenda has been entrenched into the Group's business model aligned with the corporate strategy, culture and values and way of doing business for the Group.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.2**

The board ensures that the company’s sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board endorses the Group Sustainability Report each year prior to its publication. The Sustainability Report comprises the Group’s sustainability strategies, priorities, targets, performance, and communications to various parties i.e., internal and external stakeholders.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.3

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>During the financial year ended 31 December 2022, the Group has organised a training session for the Board members and senior key managers, focusing on topics related to the environmental, social and governance (“ESG”) and climate change issues. The training incorporated relevant sustainability reporting and disclosure requirements, helping Board members stay current on and comprehend sustainability matters that impact the Group and its businesses, such as climate-related risks and opportunities.</p> <p>Moving forward, the Board will maintain its engagement with sustainability concerns that are pertinent to the Group and its businesses, including climate-related risks and opportunities.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board Effectiveness Evaluation for the financial year ended 31 December 2022 included the assessment of the Board's understanding of sustainability issues that are critical to the Company's performance.</p> <p>The current performance review for the senior management takes into account the sustainability risks such as health, safety and environmental ("HSE") risks, financial and people development. In pursuit of the Company's objectives in terms of ESG, the Group regularly monitors its HSE compliance at each business unit through a monthly HSE performance evaluation. The outcomes of the performance evaluation which include the scoring and proposed corrective actions will be shared with the senior management.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.5- Step Up**

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

*Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.*

<b>Application</b> :	Not Adopted
<b>Explanation on adoption of the practice</b> :	

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.1**

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director’s performance and contribution to the board.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The TOR of the NC stipulates that the NC evaluates the effectiveness of the Board and individual Directors annually. The NC carried out the review annually and proposed the annual re-election of the Directors based on the Directors’ annual evaluation.</p> <p>The TOR of NC is available on the corporate website at <a href="http://www.prestar.com.my">www.prestar.com.my</a>.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.2

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	For the financial year ended 31 December 2022, the Board has ten (10) Directors, comprising five (5) Executive Directors and five (5) Independent Non-Executive Directors.  The Board is chaired by an Independent Non-Executive Director.  Hence, the Company meets the requirement where at least half of the Board comprises Independent Non-Executive Directors.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.3

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should provide justification and seek annual shareholders' approval through a two-tier voting process.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Annual shareholders' approval is obtained at the Annual General Meeting ("AGM") of the Company to retain the Independent Non-Executive Directors who have served for more than nine (9) years.</p> <p>The Independent Non-Executive Directors who have served for more than nine (9) years will be tabled to the shareholders for approval at every AGM of the Company through a two (2)-tier voting process.</p> <p>As at the financial year ended 31 December 2022, the Board has two (2) Independent Non-Executive Directors namely, Tuan Haji Fadzlullah Shuhaimi Bin Salleh and Dato' Lim Cheang Nyok, who have served for more than twelve (12) years. Tuan Haji Fadzlullah Shuhaimi Bin Salleh will retire from the Board on 10 April 2023 while Dato' Lim Cheang Nyok will retire from the Board on 1 June 2023.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.4 - Step Up**

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

*Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.*

<b>Application</b> :	Not Adopted
<b>Explanation on adoption of the practice</b> :	

## Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

## Practice 5.5

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Appointments of the Board and senior management are based on objective criteria, merit and due regard for diversity in skills, experience, age, cultural background and gender.</p> <p>The NC which comprises exclusively Independent Non-Executive Directors is responsible for making recommendations relating to any new appointment of a Director to the Board. Any new nomination received by the NC is to be assessed and reviewed by the NC prior to the recommendation to the Board for their evaluation and approval.</p> <p>The NC assesses the suitability of candidates, taking into consideration the mixed of skills, knowledge, expertise and experience, competencies, time commitment and professionalism required by the Board in relation to the Fit and Proper Policy of the Board.</p> <p>The appointment of a new Director will be carried out through a formal and transparent selection process. The new appointees will be considered and evaluated by the NC and the NC then recommends the candidate(s) for the Board's approval.</p> <p>The appointment of senior management of the Company is carried out by the Executive Directors of the Company with the assistance of the Human Resources department based on the candidates' character, working experience, integrity, competency and professionalism in discharging their role. The independent third-party reference is always sought before the final selection of the candidates. In addition to that, a due diligence assessment based on the Group's Anti-Bribery and Anti-Corruption Policy will also be carried out.</p> <p>The Board also took cognisance of Guidance 5.5 whereby the listed company is discouraged from appointing an active politician as a Director on its Board.</p>
<b>Explanation for departure</b>	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company does not solely rely on the recommendations from the existing Board members or Management in the process of appointing new Directors of the Company but adopts an approach to utilise independent sources throughout the recruitment process.</p> <p>A formal and transparent procedure is conducted by the NC in assessing the candidates before he/she be recommended to the Board for assessment and approval.</p> <p>Two (2) new Independent Non-Executive Directors namely, Dato' Siew Mun Wai and Dato' Quah Thain Khan were appointed to the Company during the financial year under review.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The information for the Directors standing for re-election, as well as the reasons from the Board to support the re-election of Directors have been disclosed in the Explanatory Notes of the Notice of Thirty-Eighth AGM of the Company.</p> <p>The profiles of the Directors, including their professional qualifications, working experiences and interests in the Company (if any) are set out in other sections of the Annual Report 2022 for the shareholders' purview.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.8

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NC which is charged with the responsibility of, amongst others, recommending the appointment of new Directors to the Board, comprises exclusively Independent Non-Executive Directors and is chaired by Dato' Lim Cheang Nyok.</p> <p>The TOR of the NC is available on the Company's corporate website at <a href="http://www.prestar.com.my">www.prestar.com.my</a>.</p> <p>The roles of the Chairman of the NC include, amongst others, the following:</p> <ul style="list-style-type: none"><li>• Leading the process of appraisal and recommendation of the appointment of new Board members, Chairman and Group Managing Director; and</li><li>• Leading the annual review of Board effectiveness, ensuring that the performance of each individual Director is independently assessed.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.9

The board comprises at least 30% women directors.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board acknowledges the importance of boardroom diversity, including gender diversity, to the effective functioning of the Board. However, the Board has not set the gender diversity targets and measures to meet the aforesaid targets as of the reporting period of this report.</p> <p>Ms. Toh Hui Yi will be appointed on 10 April 2023 in order to comply with the recruitment and appointment of suitable female representation on the Board. The Board will persist in identifying suitable candidates as vacancies arise, aligning with the Group's strategic objectives.</p> <p>The Board has established a Gender Diversity Policy and would ensure that there is no discrimination during the recruitment of new Directors.</p> <p>The Gender Diversity Policy is available on the Company's corporate website at <a href="http://www.prestar.com.my">www.prestar.com.my</a>.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The NC and the Board will endeavour to identify more women candidates to fill up the vacancy on the Board.
<b>Timeframe</b>	:	

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.10**

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Board Diversity Policy is available on the corporate website at <a href="http://www.prestar.com.my">www.prestar.com.my</a> .	
		However, the Company has not established a policy on gender diversity for the senior management.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	The Group will consider diversity and inclusivity in its future planning for the senior management successors.	
<b>Timeframe</b>	:		

## Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

### Practice 6.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

*Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.*

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>A formal evaluation process is in place to assess the effectiveness of the Board as a whole, the Board Committees and each individual Director. The Board through the NC undertakes the following annual assessments once a year:</p> <p><b>(i) Effectiveness of the Board as a whole and the Committees of the Board</b></p> <p>The criteria for the assessment cover composition, processes, accountability as well as the fulfilment of duties and responsibilities. The assessment was carried out annually. Based on the evaluations conducted in the financial year ended 31 December 2022, the NC and the Board were satisfied with the performance of the Board as a whole as well as the Board Committees.</p> <p><b>(ii) Contribution and performance of the AC and each individual AC member</b></p> <p>The NC has reviewed the term of office and performance of the AC and each of its members using a pre-designed assessment form. Based on the evaluation conducted in the financial year ended 31 December 2022, the NC and the Board were satisfied with the performance of all the AC members and they have performed their functions in accordance with the TOR of the AC.</p> <p><b>(iii) Self-assessment on contribution and performance of each individual Director</b></p> <p>A set of the comprehensive self-assessment forms detailing all assessment criteria must be completed by each Director for evaluation by the NC. Criteria for the self-assessment include self-ratings on the Director's knowledge, support of the strategy and goals of the Company, time commitment, and active participation on the Board.</p>

	<p>Based on the evaluation conducted in the financial year ended 31 December 2022, the NC and the Board were satisfied with the performance of the individual Directors.</p> <p><b>(iv) Assessment of Independence of the Independent Non-Executive Directors.</b></p> <p>The Board through the NC has also assessed the independence of the Independent Non-Executive Directors of the Company, some of the criteria used are as follows:</p> <ul style="list-style-type: none"> <li>- fulfilment of the definition of an Independent Non-Executive Director as set out in Paragraph 1.01 of Bursa Malaysia Securities Main LR.</li> <li>- ability to exercise independent judgement and act in the best interests of the Group.</li> <li>- potential conflicts of interest with regard to any contracts or transactions with the Group.</li> </ul> <p>The independence of the Independent Non-Executive Directors of the Company had been fulfilled in accordance with Bursa Malaysia Securities Main LR and would not impede their independence in carrying out their duties in the respective Board and Board Committees.</p> <p>Overall, the Board Committees, individual Directors, individual AC members and the Board as a whole had performed satisfactorily within expectations and had discharged their duties with care and diligence.</p>	
<p><b>Explanation for departure</b> :</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b> :</p>		
<p><b>Timeframe</b> :</p>		

## Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

## Practice 7.1

The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>The Company has in place a Remuneration Policy for Directors and senior management which sets out the criteria applied in recommending their remuneration packages.</p> <p>The Remuneration Policy is available on the Company's website at <a href="http://www.prestar.com.my">www.prestar.com.my</a>.</p> <p>The objective of the Group's Remuneration Policy is to create a strong performance-oriented environment and to attract, motivate and retain experienced, qualified and high calibre members of the Board as well as right calibre senior management.</p> <p>In the case of Executive Directors, the components of the remuneration package are structured so as to link rewards to corporate and individual performance. Whereas, the level of remuneration of the Non-Executive Directors is reflective based on their experience, time commitment and level of responsibilities as well as the market norm and practices.</p> <p>The Remuneration Committee reviews the remuneration of the Board from time to time to ensure that the Company offers fair compensation and enhances shareholders' value to the Company. The Directors' fees and benefits payable to the Directors are subject to the shareholders' approval at the forthcoming AGM of the Company. Whereas, the remuneration of senior management is the prerogative of the Executive Directors or Group Managing Director as they are responsible for recruiting, managing, monitoring and evaluating the performance of senior management.</p>
<b>Explanation for departure</b> :	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

### Practice 7.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board had set up a Remuneration Committee to assist the Board in implementing its policies and procedures on remuneration, which includes reviewing and recommending the proposed remuneration packages of the Directors of the Company.</p> <p>The Remuneration Committee comprises exclusively Independent Non-Executive Directors.</p> <p>The Remuneration Committee evaluates the remuneration packages of the Directors and thereafter, recommended it to the Board for approval.</p> <p>The Non-Executive Directors' fees are determined by the Board as a whole and subject to the shareholders' approval at the AGM of the Company.</p> <p>The Remuneration Committee does not review the remuneration package for the senior management as the remuneration package of the senior management is determined based on the criteria set under the Remuneration Policy and approved by the Group Managing Director with the consultation of the Head of Human Resources department.</p> <p>The TOR of the Remuneration Committee is available on the Company's corporate website at <a href="http://www.prestar.com.my">www.prestar.com.my</a>.</p>

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

**Practice 8.1**

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The details of remuneration of Directors of the Company comprising remuneration received/receivable from the Company and its subsidiaries during the financial year ended 31 December 2022 are as follows:

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Md. Nahar Bin Noordin (retired w.e.f 15.06.2022)	Independent Director	16	1	-	-	-	-	17	16	1	-	-	-	-	17
2	Tuan Haji Fadzlullah Shuhaimi Bin Salleh	Independent Director	39	3	-	-	-	-	42	39	3	-	-	-	-	42
3	Dato' Lim Cheang Nyok	Independent Director	39	2	-	-	-	-	41	39	2	-	-	-	-	41
4	Lou Swee You (retired w.e.f. 01.10.2022)	Independent Director	31	2	-	-	-	-	33	31	2	-	-	-	-	33
5	Shamsudin @ Samad Bin Kassim	Independent Director	60	2	-	-	-	-	62	60	2	-	-	-	-	62
6	Dato' Siew Mun Wai (appointed w.e.f. 16.06.2022)	Independent Director	21	1	-	-	-	-	22	21	1	-	-	-	-	22
7	Dato' Quah Thain Khan (appointed w.e.f. 01.10.2022)	Independent Director	9	1	-	-	-	-	10	9	1	-	-	-	-	10
8	Dato' Toh Yew Peng	Executive Director	15	-	889	185	27	119	1235	15	109	1513	290	27	212	2166
9	Toh Yew Seng	Executive Director	15	-	-	-	-	-	15	15	126	1321	361	20	200	2043
10	Toh Yew Kar	Executive Director	15	-	-	-	-	-	15	15	40	686	103	30	92	966
11	Toh Yew Chin	Executive Director	20	-	--	--	-	-	20	20	50	372	16	-	84	542
12	Kenny Toh Jin Tat	Executive Director	15	-	-	-	-	-	15	15	17	360	23	17	77	509
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
----	-----------------	-----------------	-----------------	-----------------	-----------------	-----------------	-----------------	-----------------	-----------------	-----------------	-----------------	-----------------	-----------------	-----------------	-----------------	-----------------

### Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

### Practice 8.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

<b>Application</b>	:	Departure												
<b>Explanation on application of the practice</b>	:													
<b>Explanation for departure</b>	:	<p>The Company disclosed the top five (5) senior management's remuneration components in bands of RM50,000.00 but not on the named basis as the Board is of the view that the detailed disclosures of individual remuneration information are sensitive and proprietary, besides the issue of personal security is also taken into consideration and may be wrongly used or quoted by certain parties.</p> <p>For the financial year ended 31 December 2022, the top five (5) senior management's remuneration components including salary, bonus, benefit-in-kind and other emoluments in bands of RM50,000.00 are shown below:</p> <table border="1" data-bbox="507 1301 1396 1581"> <thead> <tr> <th>Range of Remuneration (RM)</th> <th>No. of person</th> </tr> </thead> <tbody> <tr> <td>400,001 - 450,000</td> <td>1</td> </tr> <tr> <td>450,001 - 500,000</td> <td>1</td> </tr> <tr> <td>550,001 - 600,000</td> <td>1</td> </tr> <tr> <td>650,001 - 700,000</td> <td>1</td> </tr> <tr> <td>750,001 - 800,000</td> <td>1</td> </tr> </tbody> </table> <p><i>Note: Successive bands of RM50,000.00 are not shown entirely as they are not represented.</i></p>	Range of Remuneration (RM)	No. of person	400,001 - 450,000	1	450,001 - 500,000	1	550,001 - 600,000	1	650,001 - 700,000	1	750,001 - 800,000	1
Range of Remuneration (RM)	No. of person													
400,001 - 450,000	1													
450,001 - 500,000	1													
550,001 - 600,000	1													
650,001 - 700,000	1													
750,001 - 800,000	1													
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>														
<b>Measure</b>	:													
<b>Timeframe</b>	:													

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
2	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
3	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.

**Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

**Practice 8.3 - Step Up**

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

### Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

### Practice 9.1

The Chairman of the Audit Committee is not the Chairman of the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman of the AC, Dato' Siew Mun Wai is not the Chairman of the Board. Dato' Siew Mun Wai was appointed as the Chairman of the AC on 16 June 2022 replacing Mr. Lou Swee You who ceased as the Chairman of the AC following his retirement as an Independent Non-Executive Director on 1 October 2022.</p> <p>Dato' Siew Mun Wai is an Independent Non-Executive Director and he has no family relationship with any of the Executive Directors or major shareholders of the Company.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee’s findings and recommendations. The company’s financial statement is a reliable source of information.

**Practice 9.2**

The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	None of the AC members was a former partner of the external audit firm of the Company i.e., the former partners of the audit firm and/or affiliate firm (including those providing advisory services, tax consulting, etc.).  The Board has updated the TOR of the AC to require a former partner of the external audit firm of the Company to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

### Practice 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The AC assesses the performance, competency and professionalism demonstrated by the external auditors during the year. Based on the annual assessment conducted for the financial year ended 31 December 2022, the AC was satisfied with the performance and independence of the external auditors as well as the fulfilment of criteria based on several factors, including independence of the external auditors, professionalism and quality of audit review procedures and adequacy of the firm's expertise and its resources to carry out the audit works that they are tasked with.</p> <p>The AC obtained the assurance of independence from the external auditors as well as assessed and recommended the audit fees payable to the external auditors to the Board for approval.</p> <p>The AC considers and assesses the independence and objectivity of the external auditors during the year and also prior to engaging the external auditors for non-audit related services.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

**Practice 9.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	As at 31 December 2022, the AC comprises solely the following Independent Non-Executive Directors:  (i) Dato' Siew Mun Wai (ii) Tuan Haji Fadzlullah Shuhaimi Bin Salleh; (iii) Dato' Lim Cheang Nyok; and (iv) Dato' Quah Thain Khan.

## Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

## Practice 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	All members of the AC are financially literate and have the relevant skills, financial experience and expertise in discharging their duties effectively. The Chairman of the AC is a qualified accountant and a member of the Malaysian Institute of Accountants.  The qualification and experience of the individual AC members are disclosed in the Board of Directors' Profile segment in the Annual Report 2022.  During the financial year ended 31 December 2022, members of the AC received briefings on accounting standards from auditors as changes or updates occurred.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company’s objectives is mitigated and managed.

**Practice 10.1**

The board should establish an effective risk management and internal control framework.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Group has established a risk management and internal control framework designed to identify and assess the risks faced by the Group and also to implement and monitor control measures to manage and mitigate risks identified by the Group Risk Management Committee (“GRMC”).</p> <p>The GRMC supports the Board in continually reviewing the activities of the Group to identify key business and operational risks and whenever possible, implementing policies and procedures to address these risks. The GRMC presents Risk Management Committee Progress Reports to the AC and the Board for discussion and evaluation.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company’s objectives is mitigated and managed.

**Practice 10.2**

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board has disclosed the features and processes of its risk management and internal control framework in the Statement on Risk Management and Internal Control.</p> <p>Detailed information on risk management and internal control framework can be obtained from the Statement of Risk Management and Internal Control segment in the Annual Report 2022.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

**Practice 10.3 - Step Up**

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

<b>Application</b> :	Not Adopted
<b>Explanation on adoption of the practice</b> :	

### Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

### Practice 11.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The internal audit function (“IAF”) is outsourced to Tricor Axcelasia Sdn. Bhd., an independent professional service firm to conduct regular reviews in accordance with the internal audit plan or other ad-hoc assignments which are approved by the AC, and to assess the adequacy, efficiency and effectiveness of the Group’s internal control system.</p> <p>The IAF reports directly to the AC and meets the AC on a quarterly basis to review the internal audit findings and to discuss the corrective action plans in order to ensure that the control weaknesses highlighted in the internal audit reports are appropriately addressed by Management.</p> <p>Detailed information related to the IAF can be obtained from the AC Report and Statement of Risk Management and Internal Control segments in the Annual Report 2022.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

## Practice 11.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The IAF is outsourced to Tricor Axcelasia Sdn. Bhd., an external professional firm and the personnel handling the Group’s audit are free from any relationship or conflict of interest, which could impair their objectivity and independence.</p> <p>Mr. Lee Siew Weng, Derek, Senior Executive Director of Tricor Axcelasia Sdn. Bhd. is the Engagement Director responsible for the internal audit of the Company. He is a Certified Internal Auditor and a member of the Institute of Internal Auditors Malaysia and the Malaysian Institute of Accountants.</p> <p>The internal audit is conducted using a risk-based approach and is guided by the International Professional Practices Framework (IPPF).</p> <p>More information on the IAF can be obtained from the Statement of Risk Management and Internal Control segment in the Annual Report 2022.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

### Practice 12.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company recognises the value of transparent, consistent and coherent communications with the stakeholders to be consistent with commercial confidentiality and regulatory considerations.</p> <p>The Annual Reports, press releases, quarterly results and timely announcements on material corporate exercises are the primary modes of disseminating information on the Group's business activities and financial performance. These form an important channel of communication to reach the stakeholders.</p> <p>The Board also ensures that the stakeholders are given the opportunity to speak and seek clarifications during the Company's AGM for effective and transparent communications with its stakeholders.</p> <p>In addition, the Company maintains a website at <a href="http://www.prestar.com.my">www.prestar.com.my</a>, which allow stakeholders and the general public to access information about the Group, including its profile, corporate profile, products, financial performance and announcements published on Bursa Malaysia Securities' website.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other’s objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

**Practice 12.2**

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

<b>Application</b>	:	Not applicable – Not a Large Company	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	This does not apply to the Company as the Company is not classified as a “Large Company” as defined by Malaysian Code on Corporate Governance.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 13.1**

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Notice of AGM, together with the Annual Report 2022, was sent to the shareholders on 27 April 2023, at least twenty-eight (28) days prior to the date of the AGM of the Company i.e., 15 June 2023.</p> <p>The Notice of AGM includes details of the proposed resolutions and the explanatory notes to enable shareholders to make an informed decision in exercising their voting rights.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 13.2**

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board ensures all the Directors of the Company, including the Chairmen of the AC, NC, Remuneration Committee and ESOS Committee, attend the AGM of the Company and provide responses if there is any question addressed to them.</p> <p>In addition to the above, senior management and the external auditors of the Company will also attend the AGM of the Company to respond to the shareholders' possible queries.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 13.3

Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- remote shareholders’ participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Thirty-Seventh (“37th”) AGM of the Company held on 15 June 2022 was conducted on a virtual basis. The Company has leveraged technology to facilitate greater shareholders’ participation and enhance the proceedings of the AGM of the Company through remote participation via live streaming and online remote voting for the conduct of a poll on the resolutions tabled at the AGM of the Company.</p> <p>The AGM proceedings and poll voting were conducted entirely through the Securities Services e-Portal (“SSEP”) platform. The administrative guide with detailed registration and voting procedures was issued to assist the shareholders in participating using the online platform, and the same was also published on the Company’s website to encourage shareholders’ participation.</p> <p>The Company had put in place information security measures to prevent cyber threats and data breaches.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>At the 37th AGM of the Company which was held virtually via an online platform, the Chairman successfully conducted a meaningful engagement between the Board, senior management and shareholders. Before proceeding with the business of the 37th AGM of the Company, the meeting started with the briefing/presentation from the Group Financial Controller, highlighting the Group's financial performance, business development and potential business opportunities, strategies and the outlook of the Group.</p> <p>The shareholders were given opportunities to pose any questions pertaining to the financial and non-financial matters as well as long-term strategies of the Group via an online platform (i.e., submission of typed texts through a text box) provided during the AGM of the Company.</p> <p>The responses to the questions were then published on the Company's corporate website at <a href="http://www.prestar.com.my">www.prestar.com.my</a>.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 13.5

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. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

*Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.*

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>Taking into consideration the Covid-19 pandemic concerns and public health responses as well as the Company’s initiative for leveraging technology to facilitate greater shareholders’ participation and enhance the proceedings of general meetings, the Company conducted its 37th AGM on 15 June 2022 via SSeP to facilitate shareholders’ remote participation and voting in absentia. The SSeP is accessible to all participating shareholders and allows active participation/engagement of shareholders with the Board and senior management.</p> <p>All relevant questions submitted by the shareholders/proxies/corporate representatives of the Company during the 37th AGM of the Company and the responses to the questions were read out by the Chairman, Group Managing Director and the Company Secretary at the online broadcasting 37th AGM of the Company. The Board and Management team strive to answer as many questions as possible with concise answers during the virtual general meetings.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 13.6**

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
<b>Application</b>	: Departure
<b>Explanation on application of the practice</b>	:
<b>Explanation for departure</b>	: The summary of key matters discussed at the 37th AGM of the Company was uploaded on the corporate website. It is accessible at <a href="http://www.prestar.com.my">www.prestar.com.my</a> .
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:
<b>Timeframe</b>	:

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES  
PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA  
MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

Click or tap here to enter text.