

BOARD CHARTER

1. OVERVIEW

The Board of Directors of PeterLabs Holdings Berhad (the Board) recognizes good corporate governance is essential to reinforcing public confidence in companies and their board. The Board has to ensure that it manages the business and affairs of the Group in conformity with the Malaysian Code on Corporate Governance (MCCG) 2012 to safeguard against unethical conduct, mismanagement and fraudulent activities.

2.	ROLES AND RESPONSIBILITIES OF THE BOARD The Board must act in the best interests of the shareholders and to use their best efforts to ensure the Group is properly managed and constantly improved. The Board's roles and responsibilities are to: - Oversee and set the strategic direction of the Group and to ensure the Group operates efficiently and sustains continuous growth. - Overseeing the conduct of the Group's business to ensure the business is properly managed in conformity with ethical values, integrity, fairness, trust and high performance. - Identify the business risks and established an appropriate system to reduce and minimize the risks that affects the performance of the Group and the interest of the stakeholders. - Ensuring an appropriate succession plan is in place including the appointment, training and fixing compensation of and where appropriate for the Board, Managing Director and the Management of the Company. - Developing and implementing an investor relations programme that creates better communication between the Company and shareholders. - Reviewing the adequacy and the integrity of the Group's internal control system and information system, including system for compliance with applicable laws, regulations, rules, directives and guidelines.
3.	CODE OF ETHICS The business environment will continue to become more complex and the Group note that this has imposed a greater demand for reasonable competence amongst company directors. The purpose of the Code of Ethics is to established corporate accountability which includes standards of professionalism and trustworthiness in order to uphold good corporate integrity. It also aims to uphold the social responsibility in line with the legislation, regulations and guidelines for administrating a company. The principal of the Code of Ethics is based on four elements, which are sincerity, integrity, responsibility and corporate responsibility. In the performance of the Directors' duties, a Director should at all times observe the following codes:

	a. Should have a clear understanding of the aims and purpose, capabilities and capacity of the company; b. Should devote time and effort to attend meetings and to know what is required of the Board and each of its Directors, and to discharge those functions; c. Should ensure at all times that the Group is properly managed and effectively controlled; d. Should stay abreast of the affairs of the Group and be kept informed of the Group's compliance with the relevant legislation and contractual requirements; e. Should insist on being kept informed on all matters of importance to the Group in order to be effective in corporate management; f. Should have access to the advice and services of the Company Secretary, who is responsible to the Board to ensure proper procedures, rules and regulations are complied with; g. Should at all times exercise his powers for the purposes they were conferred, for the benefit and prosperity of the Group; h. Should disclose immediately all contractual interests whether directly or indirectly with the Group; i. Should neither divert to his own advantage any business opportunity that the Group is pursuing, nor may he use confidential information obtained by reason of his office for his own advantage or that of others; j. Should at all times act with utmost good faith towards the Group in any transaction and to act honestly and responsibly in the exercise of his powers in discharging his duties; k. Should be conscious of the interest of shareholders, employees, creditors and customers of the Group; l. Should at all times promote professionalism and improve the competency of management and employees; m. Should ensure adequate safety measures and provide proper protection to workers and employees at the workplace; and n. Should ensure the effective use of natural resources, and improve quality of life by promoting corporate social responsibilities.
4.	BOARD STRUCTURE 4.1 Board Balance and Mix a. The number of Directors shall be not less than two (2) nor more than fifteen (15) as set out in the Company's Articles of Association. b. The Company has to ensure at least 2 directors or 1/3 of the Board of Directors of the company, whichever is the higher, are independent

	directors. If the number of directors of the Company is not 3 or a multiple of 3, then the number nearest 1/3 must be used. c. All newly appointed directors shall be retired and re-elected by the shareholders at the Company's annual general meeting. d. The Board recognized the recommendation of the Malaysian Code on Corporate Governance 2012 to have gender diversity policies and will look into the recruitment of female Directors in the future. Nomination Committee will review the proportion of female to male Board members during the annual assessment of the Director's performance taking into consideration the appropriate skills, experience and characteristics required of the Board Members, in the context of the needs of the Group. e. The Board should set out expectations on time commitment for its members and protocols for accepting new directorships.
	4.2 Tenure of Directors a. Pursuant to the Company's Articles of Association, one-third of the Directors shall retire from office by rotation at each Annual General Meeting and all Directors shall retire from office at least once every three years but shall be eligible for re-election. b. One-third of the Directors shall refer as 1/3 of the directors or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) will be counted. c. The directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became directors on the same day those to retire (unless they otherwise agree among themselves) be determined by lot. d. The Board has adopted the recommendation of MCCG 2012 that the tenure of an independent director should not exceed a cumulative term of nine (9) years. Upon the completion of the nine (9) years, an independent director may continue to serve on the Board subject to the director's re-designation as non-independent director or to obtain shareholders' approval in the event it retains as an independent director.
	4.3 Company Secretary a. The Board recognized the appointment and removal of the Company Secretary is a matter for the Board as a whole. b. The Board recognized that the Company Secretary should be suitably qualified and capable of carrying out the duties required.
	4.4 The Board's Relationship with Shareholders a. The Board will maintain an effective communications policy that enables both the Board and Management to communicate effectively with shareholders and general public.

	b. 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. c. The efforts to ensure the effective discharge of the Board's duties, the Board have delegated certain functions to certain Committees with each operating within its defined terms of reference.
	4.5 The roles of the Chairman and Managing Director a. The Board recognized the important of clear division of responsibility between the Chairman and the Managing Director to ensure that there is a balance of power and authority. The roles of the Chairman and Managing Director are strictly separated and held by different individuals. The Chairman must be a non-executive member of the Board. b. The Chairman is responsible for the following roles: i. Leadership of the Board. ii. Overseeing the effective discharge of the Board's supervisory role. iii. Facilitating the effective contribution of all Directors. iv. Conducting the Board's function and meetings. v. Briefing all the Directors in relation to issues arising at meetings. vi. Scheduling regular and effective evaluations of the Board's performance. vii. Promoting constructive and respectful relations between Board members and between the Board and the Management. c. The Managing Director is responsible for the following roles: i. Strategic business direction, plans and policies of the Group. ii. Efficient and effective operation of the Group. iii. Day-to-day management of the Group with all powers, discretions and delegations authorized, from time to time, by the Board. iv. Bringing material matters to the attention of the Board in an accurate and timely manner.
5.	BOARD PROCESS 5.1 Board Meeting a. The Board of Directors Meeting will be conducted on quarterly basis. b. The quorum of the Board Meeting is 2 members present in person. c. The proceeding of the meeting will be minuted and signed by the Chairman of the meeting. The minutes of all Board meetings are circulated to the Directors and approved by the Board in subsequent meeting. d. Directors' Circular Resolutions approved by majority of the directors are as valid and effectual as if the resolutions had been passed at the meeting of the directors. The Resolutions are to be kept in the statutory register at the registered office of the Company.

	e. The Board may invite external parties such as auditors (both internal and/or external auditors), solicitors or consultants as and when the need arises. Such invited parties may attend part or all of the Board Meeting at the discretion of the Board.
	5.2 Access of Information The Board recognizes that the decision-making process is highly dependent on the quality of information furnished. In order to allow ample time for the Board to study and evaluate the matters, the Board Agenda and Board Papers are prepared for each item in the agenda to the established criteria on content and presentation format and are issue to the Board seven (7) days before the Board meeting.
6.	ROLES OF THE BOARD COMMITTEES 6.1 With the efforts to ensure the effective discharge of the Board's duties, the Board has delegated certain functions to certain Committees with each operating within its defined terms of reference. The Chairman of the various Committees will report to the Board on the outcome of the Committee meeting. The Board has established the following Committees to assist the Board in the execution of its duties: • Audit Committee • Remuneration Committee • Nomination Committee
	6.2 Roles of Audit Committee a. The roles of the Audit Committee is to enhance confidence in the integrity of an organization's processes and procedures relating to internal control and corporate reporting including financial reporting. b. Audit Committee is entrust to oversee the transparency and accuracy of financial reporting and disclosures, effectiveness of external and internal audit functions, robustness of the systems of internal audit and internal controls, effectiveness of anti-fraud, ethics and compliance systems, review of the functioning of the whistleblower mechanism and to assess the suitability and independence of external auditors.
	6.3 Roles of Remuneration Committee a. The role of the Remuneration Committee is to assist the Board in its oversight of the remuneration policy and review and recommend to the Board the renunciation package for the Managing Director and other Executive Directors. b. Non-Executive Directors' remuneration is a matter to be decided by the Board as a whole with the Director concerned abstaining from

	deliberations and voting on decision in respect of his individual remuneration.
	6.4 Roles of Nomination Committee a. The role of the Nomination Committee is to assist the Board in ensuring the Board comprises individuals with the requisite skills, knowledge and experience. The NC leads in the process of identifying and recommending suitable candidates for directorship to the Board and Board Committees. b. Conduct annual review of the structure, size and composition of the Board, including the balance mix of skills, knowledge, experience and the independence of the Non-Executive Directors. c. Conduct annual assessment of the performance of the Board, Committees and individual of Directors. d. Nomination Committee shall comprise exclusively of Non-Executive Directors, a majority of whom must be independent.
7.	DIRECTOR TRAINING The Board recognized the important of continuous training and development of directors. The Directors are mindful that they will continue to update their knowledge and skill to maximize their effectiveness as Directors during the tenure of their service. The Board is continuous assign the Board members to attend relevant training in order to fulfill the requirement of Mandatory Accreditation Programme (MAP). The Directors are regularly updated by the Company Secretaries on new statutory, corporate and regulatory developments relating to Directors' duties and responsibilities or the discharge of their duties as Directors of the Company.
8.	CORPORATE DISCLOSE POLICY The Board recognized the important to comply with corporate disclosure requirement set by Bursa Malaysia and follows the main forms of information disclosure: a. Continuous disclosure – which is its core disclosure obligation and primary method of informing the market and shareholders. b. Periodical disclosure – in the form of full year and quarterly reporting of financial results and major investments, capital expenditure and funding activities proposed by the Company and the Annual Report. c. Specific information disclosure – as and when required, of administrative and corporate developments, usually in the form of Bursa releases. All information made available to Bursa Malaysia is immediately available to shareholders and the market on the Company's Investor Relations section of the website: www.peterlabs.com.my. <u>Annual General Meeting (“AGM”)</u> The Board also acknowledges that the AGM is the principal forum for dialogue

	with the shareholders. Shareholders are notified of the meeting and provided with a copy of the Company's annual report twenty one (21) days before the meeting. At each AGM, the shareholders have direct access to the Board and are encouraged to participate in the open question and answer session. The Chairman and Directors are in attendance to respond to the shareholders' queries during the meeting. Further, the Board also encourages poll voting as recommended by MCGG.
9.	<u>REVIEW OF BOARD CHARTER</u> The Board Charter shall be reviewed by the Board annually to ensure its relevance in assisting the Board to discharge its duties with the changes in the corporate laws and regulations that may arise from time to time and to remains consistent with the Board's objectives and responsibilities.

The Charter approved by the Board on 27 August 2013.