



## **PASB GROUP**

### **BOARD CHARTER**

#### **1. INTRODUCTION**

- a) The Board Charter sets out the Board's strategic intent and outlines the roles and powers that the Board specifically reserves for itself, and those which it delegates to Management and in so doing, also sets the tone of the various Board Committees.
- b) This Board Charter is subject to the provisions of the Companies Act 2016, the Company's Memorandum and Articles of Association and any applicable law or regulatory provision.

#### **2. PURPOSE**

The role of the Board is to highlight the key values and principles of the Board of directors of Permodalan ASSAR Sdn. Bhd. ("PASB") and its Group of Companies.

The Board Charter shoulders the concise overview of: the role and responsibilities of the board of directors; powers of the board and board committees; separation of roles between the Board and Management; and the practice of the board in respect of corporate governance matters.

#### **3. ROLE OF THE BOARD**

The Board Chairman presides over meetings of Directors and is responsible for instilling good corporate governance practices, leadership and the effectiveness of the Board. The Board Chairman duties are:

- a) The ultimate decision maker of the Company;
- b) responsible for establishing sound system of internal control for the Company;
- c) responsible for overseeing the corporate governance framework;
- d) responsible for: adoption of strategic plans and policies; monitoring the operational performance; establishing policies and processes that ensure integrity of the Company's internal controls; and risk management;
- e) responsible for establishing the separation of power in discharging its fiduciary and leadership functions;
- f) responsible for ensuring that management actively cultivates a culture of ethical conduct and sets the values to which the institution will adhere;
- g) responsible for ensuring that the strategies adopted promote the sustainability of the company;
- h) is responsible for establishing policies and procedures for effective operations of the Company;
- i) shall establish appropriate staffing and remuneration policies for all employees as required; and
- j) shall ensure the Company's compliance with all applicable laws, regulations, governance codes, guidelines and regulations and establish systems to effectively monitor and control compliance across the Company.

#### **4. MATTERS RESERVED FOR THE BOARD**

- a) The Board have specific powers for itself and delegates other matters to the management of the Company.
- b) The Board delegates its day to day powers and duties to the Chief Executive Officer ("CEO")/ Executive Director ("ED") and to the Executive Committee which in turn will make further delegations in accordance with the model Permodalan ASSAR Sdn Bhd ("Group") committee structure and as required by law.

#### **5. DELEGATION OF AUTHORITY**

- a) The Management needs to be involved in all significant decisions and to be accountable to the Board for a governance of the Company. All delegated authorities must emanate from the Board.
- b) In establishing delegated authorities, whether for risk/business approval, financial expenditure approval, or other approvals, the Company mirrors

standard Group delegations of authority, in respect of both quantum and individuals to be granted authority.

- c) Any significant matters must be raised by the CEO or ED that requires the Board's attention which includes any matters which exceed the delegated authority of the executive management.

## **6. COMPOSITION OF THE BOARD**

- a) The Board shall optimize the constituted authority in making considerations and decisions based on the size and nature of the Company's business and its subsidiaries.
- b) The Board shall ensure that it comprises a diverse mix of skills and expertise critical for effective oversight on the management of the company. This shall be underscored by ensuring that each member has the requisite skill and access to the necessary tools required for their effective performance.
- c) At all times, the Board composition should be in line with any gazetted State practices.
- d) For Securities Commission ("SC") regulated entities namely Amanah Saham Sarawak Bhd ("ASSB") and ASSAR Asset Management Sdn Bhd ("AAMSB"), the composition of the Board must be in compliance with the Securities Commission Guidelines on Corporate Governance for Capital Market Intermediaries ("SCCG") and as for best practices to follow the Malaysia Code of Corporate Governance (MCCG) guidelines.

### **6.1. Appointment and Remuneration of Board members**

- a) The Board shall consist of both Non-Executive Directors and Executive Directors as shall be determined from time to time and subject to regulatory requirements. The Board shall recommend Directors for appointment by the shareholders at the Annual General Meeting(s) ("AGM")/ Board of Directors Meeting/ Directors Circular Resolution ("DCR") based on State Leadership approval as the case may be. Independent Non-Executive Directors (INEDs) shall be appointed as per regulatory requirements.
- b) The Chairman of the Board shall be appointed by the Board upon consultation with the shareholder(s).
- c) The number of Board members shall be as determined by the Company's Articles of association and local regulatory requirements.

- d) All directors must disclose outside directorships and inform the Company Secretary of any changes to such directorships as soon as the changes take place.
- e) CEO or officers of the Group intending to accept a board position outside of the Group must secure the approval of the Board of the Company prior to acceptance/ appointment and must ensure that there is no conflict of interest.
- f) The Board shall establish and approve formal and transparent Board and Management succession planning, appointment of directors, remuneration policies and procedures for Board members as recommended by Group Nomination & Remuneration Committee ("GNRC").
- g) Directors' remuneration package shall be adequately disclosed to the board and shall retroactively be approved by shareholders in an Annual General Meeting or through Member Circular Resolution.

## 7. BOARD INDEPENDENCE AND EFFECTIVENESS

The independence of the Board shall instill the environment where the members are critical and independent to one another as to promote independent and objective judgement.

There shall be an annual review to evaluate the company's succession planning needs with regard to **Non-Executive Directors ("NEDs")** and **Independent Non-Executive Directors ("INEDs")** by GNRC. The appointment of the **INEDs** will be based on the accordance of the following criteria:

- a) have no conflicts of interest;
- b) have appropriate professional skills, training and background;
- c) bring influence and stature in the local market, including government, regulators and the business community;
- d) add to Board diversity but also fit with the existing board (directors from different sectors, industries including financial sector etc);
- e) have no political appointments;
- f) financially stable;
- g) able to devote sufficient time to the role and be willing to attend the scheduled board meetings in person and only join by phone or video conference, if absence would otherwise be unavoidable;
- h) independent as defined by local regulations;
- i) attend at least 1/3 of the Board/ Committee meeting(s) planned each year (applicable to all Board of directors). Non-compliance of this

- requirement to be evaluated and considered by respective Company(s) directors and/or GNRC; and
- j) satisfy the requirements under the applicable local regulation.

## **8. ACCESS TO INFORMATION AND INDEPENDENT ADVICE.**

- a) The Board may from time to time require independent legal, financial, governance or other expert advice. To facilitate this, the Board shall ensure members obtain external advice, as may be required, at the company's expense and shall invite senior management to provide technical advice as needed.
- b) The Board shall establish procedures to allow its members access to relevant, accurate and complete information and professional advice in order to discharge its duties effectively.

## **9. BOARD TRAINING**

- a) Board members should have a clear understanding of their role in corporate governance and be able to exercise sound and objective judgment about the affairs of the Company.
- b) The Board or the Company shall ensure adequate Board development through continuous training to keep the Board well informed on critical information pertinent to the business and corporate governance environment.
- c) The Board shall conduct an annual review to identify the training needs for each member on a regular basis and facilitate up skilling as well as continuous development and to be facilitated by Group Human Resource Department.

## **10. ROLE OF THE CHAIRMAN AND CEO OR ED**

The Board shall elect a Chairman upon consultation with the State and/or Shareholder(s). The CEO or ED shall keep the Chairman informed about the business of the Company.

#### **10.1 The Role of the Chairman shall be to:**

- a) Provide leadership to the Board and ensure its effectiveness in all aspects of its role. The Chairman shall set the Board agenda with the assistance of the CEO or ED and Company Secretary;
- b) Facilitate the effective contribution of non-executive directors and encourage constructive relations between executive and non-executive directors.
- c) Monitor attendance at Board meetings;
- d) To ensure that there is a robust process for Board succession and that a current pool of candidates has been identified;
- e) Develop the strategy of the Company, together with the CEO or ED, and ensure the Board is fully appraised and has the opportunity to debate the strategic direction of the Company;
- f) Put in place and maintain an effective delegation of authority structure to provide effective management and control over the Company's business with the assistance of the CEO or ED;
- g) Communicate effectively with the Company's stakeholders. The stakeholders include, where applicable, shareholders, regulators, governments, customers, staff and the communities within which the Company operates;
- h) Together with the CEO or ED, to ensure that the Company communicates effectively with international institutions, shareholders, stakeholders, governments, rating agencies, financial institutions, the media, the public and any relevant special interest groups who have a legitimate concern or involvement with the business of the Company;
- i) Ensure that the views of the shareholders are communicated to the Board as a whole;
- j) Chair the Annual General Meeting and all other shareholder meetings of the Company;
- k) Together with the Senior Management ensure that the Company operates to the highest standards of corporate governance;
- l) Manage the training needs of each board member and ensure development; and
- m) Ensure the Board undertakes continuous development in order to enhance governance practices within the Board itself and in the interest of the Company.

## 10.2 The role of the CEO or ED shall be to:

- a) Ensure that the policies spelt out by the Board in the Company's overall corporate strategy are implemented;
- b) Identify and recommend to the board competent officers to manage the operations of the institution. In the fulfilment of this duty, the CEO or ED should ensure that the institution's human resources policy is adhered to;
- c) Co-ordinate the operations of the various departments within the institution;
- d) Establish and maintain efficient and adequate internal control systems;
- e) Design and implement the necessary management information systems in order to facilitate efficient and effective communication within the institution;
- f) Ensure that the Board is frequently and adequately advised about the operations of the institution through presentation of relevant board papers, which must cover, but are not limited to, the following areas: -
  - Actual performance compared with the past performance and the budget together with explanations of all the variances.
  - Capital structure and adequacy.
  - Advances performance in particular problem loans, losses, recoveries and provisions.
  - Income and expenditure.
  - Deposits: sources and distribution profile.
  - All insider transactions that benefit directly or indirectly any officer or shareholder of the institution.
  - Report on violation of laws and remedial activities undertaken to ensure compliance with the applicable laws and guidelines.
  - Large liability(s)/ risk(s) exposures.
  - Non-performing insider loans (if any).
  - External, internal and audit committee reports.
  - Any other areas relevant to the institution's operations.
  - Ensure that the institution complies with all the relevant regulation and/or any other applicable laws in the execution of its operations.
  - Any other duties as may be assigned by the Board from time to time.

## 11. DUTIES OF BOARD MEMBERS

Each Board member shall have the fiduciary duty to:

- a) Exercise a reasonable degree of care, skill and diligence;
- b) Act in good faith and in the best interests of the company and not for any other purpose;
- c) Act honestly at all times and must not place themselves in a situation where personal interests conflict with those of the company;
- d) Exercise independent judgement at all times;
- e) Devote sufficient time to carry out their responsibilities and enhance their skills;
- f) Promote and protect the image of the company;
- g) Owe their duty to the company and not to the nominating authority; and
- h) Owe the company a duty to hold in confidence all information available to them by virtue of their position as a Board member.

## 12. THE COMPANY SECRETARY

The Board shall appoint a Company Secretary to assist and advise the Board and all Board Members. The Company Secretary is the Secretary of the Board and is charge with the following responsibilities:

- a) To provide guidance to the Board on its duties and responsibilities and on other matters of governance;
- b) To ensure that the Board complies with its obligations under the law and the Company articles of association;
- c) To assist the Chairperson of the Board in organizing the Boards activities;
- d) To assist the Board with evaluation exercise;
- e) To coordinate the governance audit process;
- f) To maintain and update the register of conflict of interest (if any);
- g) To facilitate effective communication between the organization and the shareholders; and
- h) To carry out any other duties as may be assigned by the Board from time to time.



### 13. BOARD COMMITTEES

- a) The Board may discharge any of its responsibilities through Board Committees appointed from amongst its members subject to the applicable laws.
- b) The Board has established the following committees:
  - Management Executive Committee (“MEC”)
  - Group Audit and Compliance Committee (“GACC”)
  - Group Risk Management Committee (“GRMC”)
  - Group Nomination and Remuneration Committee (“GNRC”)
  - Group Strategic Investment Committee (“GSIC”)
  - Investment Panel (for Amanah Saham Sarawak Berhad)
  - Investment Committee (for ASSAR Asset Management Sdn Bhd)
- c) The Board shall appoint the Chairpersons of the Committees and shall approve appropriate terms of reference for the Committees.  
(Refer to Terms of Reference attached referred as Appendix A)
- d) Reporting obligations:
  - The Committees shall report to the Board on matters referred to it by the Board and on the proceedings following each meeting of the committee. The report shall include findings, matters identified for specific recommendation to the Board, action points and any other issues as deemed appropriate.
  - The committees shall liaise with each other in so far as it is expedient to effectively perform their different roles.
- e) The Board remains collectively responsible for the decisions of any committee and shall review the effectiveness and performance of the committees annually.
- f) The Board may be required to establish other committees from time to time.

### 14. CONFLICTS OF INTEREST AND RELATED PARTY TRANSACTIONS

- a) All directors are required to:
  - Declare any interests that may give rise to potential or perceived conflict e.g. multiple directorships, business relationships or other circumstances that could interfere with exercise of objective judgment;
  - Declare as soon as they become aware that a subject to be discussed at a Board or committee meeting may give rise to a conflict

of interest at the outset of the applicable meeting. The conflicted director shall not participate further in the discussion of that subject, nor vote on it. This is subject at all times to the provisions of the local regulations, Articles of Association or other constitutional documents of the Company.

- b) The Board shall evaluate all potential or perceived conflict of interest as declared and shall approve such transactions with the company as may be appropriate.
- c) A register of declared Conflicts of Interest (if any) shall be maintained by the Company Secretary.

## **15. RELATIONS WITH SHAREHOLDERS**

- a) The Board shall recognize, respect and protect the rights of shareholders and shall ensure equitable treatment of all shareholders in the same class of issued shares whether minority, institutional or individual.
- b) The Board shall provide shareholders with information as is required under the applicable law and shall establish mechanisms to ensure effective communication with shareholders.

## **16. RELATIONS WITH STAKEHOLDERS**

- a) The Board shall have a stakeholder-inclusive approach and will be responsible for giving due consideration to the legitimate interests and expectations of the Company's stakeholders in its deliberations, decisions and actions.
- b) The Board shall establish effective communication with the Company's stakeholders including the media as may be appropriate.

## **17. REVIEW OF THE BOARD CHARTER**

This Charter and the Terms of Reference of each Committee established by the Board shall be annually reviewed and updated for the Board taking into consideration the needs of the Group as well as any development in rules and regulations that may have an impact on the discharge of the Board's duties and responsibilities and any amendments/improvements shall be made thereto as and when the Board deems necessary.



## PASB GROUP

### **TERM OF REFERENCE FOR BOARD OF DIRECTORS AND COMMITTEES**

**Term of reference including a description of the committee's decision making powers and responsibilities:**

**i. Board of Directors**

- a) Members of the Board have a fiduciary duty to the Company and are bound to comply with the statutory duties of company directors as set out in the Companies Act 2016 as well as best practices for corporate governance for the Company.
- b) Members of the Board are also bound by the statutory and regulatory requirements governing the unit trust Management Company in order to ensure that the fund is operated and managed by the Company in accordance with:
  - the Deed
  - the Prospectus
  - relevant securities laws and guidelines
  - acceptable and efficacious business practices within the industry
- c) The Board is also ultimately responsible for any of the functions of the Company which had been outsourced and/ or delegated to external parties.
  - Frequency of Meeting
    - Quarterly
  - Subsequent Reporting
    - Shareholders
  - Quorum
    - Minimum of 2 directors.

ii. **Management Executive Committee (MEC)**

To deliberate, decide and update on matters relating to the day-to-day operation, administration and management of the PASB Group in accordance with PASB Group's established policies and procedures and relevant governing regulations and/or ordinances.

- Frequency of Meeting for MEC
  - Once every two (2) months or as and when required
- Subsequent Reporting
  - Board Committees
- Quorum
  - 2/3 of the total number of Members

iii. **Group Audit and Compliance Committee (GACC)**

- a) To facilitate the Board of Directors in discharging and fulfilling its fiduciary responsibilities in relation to financial reporting, governance, compliance and internal controls.
- b) To maintain a direct line of communication between the Board of Directors, External Auditors, Internal Auditors as well as the Group Compliance Unit through regular meetings.
- c) To act upon the Board of Directors' requests to investigate and report on any areas of concern within the Group of Companies ("Group").
- d) To enhance integrity, accountability and transparency of activities within the Group so as to inculcate good corporate governance and compliance culture for the safeguard of shareholders' interests.
- e) To strengthen the independence of the Group Internal Audit function by providing a formal avenue for deliberating on issues concerning controls, governance and risks.

- Frequency of Meeting for GACC
  - Quarterly
- Subsequent Reporting
  - Board of Director
- Quorum
  - At least two (2) members with the Chairperson of the Committee present.

iv. **Group Risk Management Committee (GRMC)**

- a) To facilitate the Board of Directors in discharging and fulfilling its fiduciary responsibilities in relation to risk management.
- b) To maintain a direct line of communication between the Board of Directors and the Group Risk Management Unit through regular meetings.
- c) To act upon the Board of Directors' requests to investigate and report on any areas of concern within the Group of Companies ("Group").
- d) To enhance integrity, accountability and transparency of activities within the Group so as to inculcate good corporate governance and risk culture for the safeguard of shareholders' interests.

➤ **Frequency of Meeting for GRMC**

- Quarterly

➤ **Subsequent Reporting**

- Board of Director

➤ **Quorum**

- At least two (2) members with the Chairperson of the Committee present.

v. **Group Nomination and Remuneration Committee (GNRC)**

- a) Review and recommend to the Board the emolument, compensation and benefits packages of the Directors;
- b) The GNRC assess the effectiveness and the contribution of the Board as a whole and each individual Director and the Board Committees on an ongoing basis;
- c) Propose succession planning and development plan for Senior Management;
- d) Review and recommend to the Board the remuneration, compensation and benefits packages for Senior Management
- e) The GNRC review the effectiveness and the contribution of the Senior Management and staff on an ongoing basis;
- f) To review policies in relation to staff i.e. Terms of Conditions of Service, Code of Ethics, and such other policies from time to time;
- g) GNRC shall also oversee Group Human Resources Department's activities are within the framework of ASSAR Group business plans and goals.

- Frequency of Meeting for GNRC
  - At least once annually
- Subsequent Reporting
  - Board of Director
- Quorum
  - A minimum of 2 members

vi. **Group Strategic Investment Committee (GSIC)**

To review, deliberate and ensure any business ventures, corporate exercises, investments or divestments undertaken or to be undertaken are in tandem with the Group business objectives and that the Group's interests are protected at all time.

- Frequency of Meeting for GSIC
  - At least once annually
- Subsequent Reporting
  - Board of Director
- Quorum
  - A minimum of 2 members

vii. **Investment Committee/ Investment Panel**

- a) To review the general economic and market scenario and their respective outlook for the coming months.
- b) To review the performance of the portfolio.
- c) To review and forecast the potential of the various sectors in the economy.
- d) To plan and decide on long term strategy and asset allocation.
- e) To review and endorse strategy on the top loss-making positions.
- f) To review and approve/ endorse investment/ trading of a considerable size.
- g) To review and approve/ endorse investments in privatised companies and/ or unlisted companies.
- h) To review and endorse the list of stocks on our watch list.
- i) To deliberate on matters relating to the investment function of the Company.

- Frequency of Meeting
  - Bi-monthly
  
- Subsequent Reporting
  - Board of Director
  
- Quorum
  - Minimum of 2 directors.