



ASSAR 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. ("Company")

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 General Manager ("GM")/ Chief Executive Officer ("CEO")/ Executive Director ("ED")/ Managing Director ("MD") 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 raise by the GM/CEO/ED/MD 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 optimal the constituted authority in making consideration and decision 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.

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) GM/CEO/ED/MD intending to accept a board position outside of the Group for personal interests must inform the Chairman/ Board of the Company prior to acceptance/ appointment and must ensure that there is no conflict of interest that may arise.
- f) The Board shall establish and approve formal and transparent remuneration policies and procedures for Board members.
- 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 **Independent Non-Executive Directors ("INEDs")**. 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. Non-compliance of this requirement to be evaluated and considered by respective Company(s) directors and/or Group Establishment Committee (GEC); 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.

10. ROLE OF THE CHAIRMAN AND GM/CEO/ED/MD

The Board shall elect a Chairman upon consultation with the State and/or Shareholder(s). The GM/CEO/ED/MD 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 GM/CEO/ED/MD 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 GM/CEO/ED/MD, and ensure the Board is fully apprised 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 GM/CEO/ED/MD;
- 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 GM/CEO/ED/MD, 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 GM/CEO/ED/MD and Company Secretary, ensure that the Company operates to the highest standards of corporate governance;

- l) Manage the training needs of each board member and ensure development;
- 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 GM/CEO/ED/MD 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 GM/CEO/ED/MD 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:
 - Group Executive Committee
 - Establishment Committee
 - Group Compliance and Internal Audit Committee

- Group Risk Management Committee
 - 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. TERMS OF REFERENCE

The Board shall adopt its detailed Terms of Reference which shall be reviewed as and when necessary.

(Refer to attached Term of Reference referred as Appendix A)

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ASSAR 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 1965/ 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.

i. Group Compliance & Internal Audit Committee

- **Compliance**
 - a) Maintenance of high standards of business conduct and strong compliance culture within the Management Company

- b) Assess situations of non-compliance by the Management Company, examine the extent of non-compliance and recommend to the Board remedial or necessary action(s)
 - c) Ensure the Management Company complies with all relevant securities law, rules, regulations, guidelines and practices notes.
 - d) Develop appropriate structures, controls and procedures that will ensure compliance within the Management Company.
- **Internal Audit**
 - a) To facilitate the Board of directors in discharging and fulfilling its fiduciary responsibilities in relation to financial reporting, organisational governance and control; and compliance.
 - b) To maintain a direct line of communication between the Board, External Auditors as well as the Internal Auditors through regular meetings.
 - c) To act upon the Board's requests to investigate and report on any issue of concern in respect of the management 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 for the safeguard of shareholders' interests.
 - e) To strengthen the independence of the Group's Internal Audit function by providing a formal avenue for deliberating on issues concerning controls, governance and risks.
 - Frequency of Meeting for GCIAC
 - Quarterly
 - Subsequent Reporting
 - Board of Director
 - Quorum
 - Minimum of 2 directors
- ii. **Group Risk Management Committee**
 - a) To assist the Board in establishing and implementing adequate risk management policies and procedures in order to facilitate the assessment of risk exposures for the Group with suitable risk measurement methodology to commensurate with the size of operations, funds under management and organisation structure of the Group.

- b) To periodically review risk exposures of the Group through the identification, measurement, mitigation and monitoring exercise performed.
 - c) To review results of risk assessment exercises documented in the Risk Management Template in order for effective establishment and implementation of risk mitigation strategies.
- Frequency of Meeting for GRMC
 - Quarterly
 - Subsequent Reporting
 - Board of Director
 - Quorum
 - Minimum of 1 Chairman/ Alternate Chairman with the rest of the members.

iii. 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.

iv. Risk Management Working Committee (RMWC)

- a) Spearhead the Company's drive towards effective risk management in order to achieve the intended risk objectives

- b) Formulate working procedures for implementing risk management within the various departments of the Company so as to anticipate risks rather than deal with their consequences
 - c) Adopt the standard risk management process of “Identification; Assessment; Treatment; and Monitoring/ Reporting”. Specifically, these process shall entail the following steps in determining the corporate risk profile and appetite:
 - i) Identification of critical functional processes and their associated or inherent risk elements
 - ii) Devise appropriate means to measure or rate risk levels
 - iii) Assignment of risk levels to critical processes
 - iv) Assessment of existing control measures designed to mitigate or manage identified risks
 - v) Review and monitor the relevance of controls under current circumstances; and
 - vi) Report on any risk issues arising from periodic review
 - d) Assist Senior Management in the discharge of its role in formulating business rules, processes and structures to meet policy objectives, thereby poised to provide valuable advice on policy administration and achievement thereof.
 - e) Assist Senior Management in continuously fostering risk awareness amongst all other levels of staff
 - f) Act as a “risk control centre” and “think tank” in compiling, assimilating, integrating and evaluating risks for the individual departments as well as in association with related business/ support units.
- Frequency of Meeting for RMWC
 - Bi-annually (minimum) and on ad-hoc basis
 - Subsequent Reporting
 - Group Risk Management Committee (GRMC)

v. Group Establishment Committee (GEC)

- a) To oversee Group Human Resources Department’s activities are within the framework of ASSAR Group business plans and goals;
- b) To ensure efficient/ effective implementation of the staff’s programmes;
- c) To handle, deal with and decide on all matters related to the staff at all levels/ categories, except for matters related to Managerial levels and above which shall be dealt with by the Board of Directors upon the advice and recommendation of the Committee.

The Group Establishment Committee's roles and responsibilities are as follows:

- I. To deal and decide on all staff matters relating to Senior Executive and below; including but not limited to their promotion, salary increment, bonus(es) and any other monetary rewards;
- II. To recommend to the Board on matters concerning the Senior Management staff;
- III. To assist and advise the Board on matters relating to the Nomination and/or Remuneration of the Board members.
- IV. To decide on any minor and major misconduct which does not lead to dismissal;
- V. To recommend to the BOD on dismissal cases upon investigation for the BOD's decision; and
- VI. To put forward and recommend to the Board any other staff matters deemed necessary.

➤ Frequency of Meeting for GEC

- Bi-annually (minimum)

➤ Subsequent Reporting

- Board of Director

➤ Quorum

- Minimum of 2 directors

vi. Executive Committee (EXCO)

To discuss group operational matters on;

- a) Corporate Communications and Operation
- b) Corporate Marketing and Sales
- c) Internal Audit
- d) Risk Management
- e) Compliance
- f) Investment
- g) Finance and Treasury
- h) Corporate Finance
- i) Human Resource
- j) Legal and Secretarial
- k) IT
- l) Group Project and Business Development

➤ Frequency of Meeting for EXCO

- Bi-monthly

➤ Subsequent Reporting

Group Establishment Committee (GEC)/ Board of Director