

# **Board Charter**

## **Introduction**

It is the policy of the Company to manage the affairs of the Group in accordance with the appropriate standards for good corporate governance. The Board of Directors (“Board”) of Astral Asia Berhad (“AAB”) has overall responsibility for the proper conduct of the Company’s business and assumes responsibility of effective stewardship and control of the Company.

## **Purpose**

This Board Charter sets out the authority, role, functions, composition and responsibilities of the Board to assist the Board members to be aware of their duties and responsibilities.

## **Authority**

The Board derives its authority to act from the Constitution of the Company and the prevailing laws and regulations governing companies in Malaysia.

## **Composition, Appointment and Re-election**

The Constitution of the Company provides for a minimum of two (2) Directors and a maximum of nine (9) Directors. The Board is made up of One (1) Independent Non-Executive Chairman, One (1) Deputy Executive Chairman, One (1) Managing Director, One (1) Executive Director, One (1) Non-Independent Non-Executive Director and Two (2) Independent Non-Executive Directors. The Board has also appointed Two (2) Alternate Directors.

The Board comprises suitably qualified individuals with a diverse range of skills, knowledge, expertise and experience. On an annual basis, the Board reviews the composition in terms of size, the balance between executive, non-executive and independent Directors and mix of skills. The Board considers the appointment of new director upon the recommendation of the Nomination Committee. In making these recommendations, the Nomination Committee will consider the skills, knowledge, expertise and experience, professionalism, integrity and in the case of independent non-executive directors, their ability to discharge such responsibilities and functions as expected from independent non-executive directors.

The Constitution of the Company provides that one-third (1/3) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) are subject to retirement by rotation at each Annual General Meeting and that all the Directors shall retire once in every three (3) years. A retiring Director is eligible for re-election. The Constitution also provides that any director so appointed shall hold office only until the next following annual general meeting and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

The Board's gender diversity is to have at least one female Director. The Board will endeavour to meet the target of at least 30% women directors. Considerations will be based on merits and effective blend of skills, experience and knowledge in areas identified, the size of the Board and the needs of the Company.

### **Independence of Directors**

The Board assesses the independence of each Independent Director as part of the annual Board evaluation process through the Assessment of Independence of Independent Directors. The assessment is based on the independence criteria prescribed under the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad and the Corporate Governance Guide.

For the financial year under review, none of the Independent Directors disclosed any relationships and/or transactions that could materially interfere with their independent judgements and decision-making. The Board was therefore satisfied with the level of independence demonstrated by all Independent Directors.

To promote Board quality and strengthen independence, the tenure of an Independent Director shall not exceed a cumulative period of nine (9) years. Upon completion of nine (9) years, an Independent Director may continue to serve on the Board subject to the Board's justification and shareholders' approval. Retention of an Independent Director beyond twelve (12) years shall be subject to shareholders' approval through a two-tier voting process, in line with best practices in corporate governance.

In compliance with the Main Market Listing Requirements ("MMLR"), at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, shall comprise Independent Directors at all times.

### **New Directorships**

Directors shall notify the Chairman at least one (1) week prior to accepting any new directorships in public companies, public listed companies, or corporations with similar businesses operating in the same jurisdiction. The notification shall include an indication of the expected time commitment for the new appointment.

### **Role of the Chairman**

The Chairman provides leadership to the Board and is responsible for ensuring its effectiveness in discharging its roles and responsibilities. The Chairman also promotes constructive engagement between the Board, Management, shareholders and other stakeholders.

The Chairman's key responsibilities include, but are not limited to, the following:

- Leading the Board in setting the tone for effective corporate governance and ethical conduct;
- Ensuring the integrity and effectiveness of the Board's governance processes;
- Acting as the principal representative of the Board in its engagement with shareholders and stakeholders;
- Maintaining a constructive working relationship with the Managing Director ("MD") while ensuring an appropriate balance between governance and management;
- Facilitating Board meetings to ensure open, balanced and meaningful deliberations, and that no individual Director dominates discussion;
- Ensuring that all Directors are provided with timely, relevant and accurate information to enable informed decision-making;
- Encouraging active participation and effective contribution from all Directors;
- Ensuring that Board agendas focus on strategic matters and key issues affecting the Group;
- Promoting effective communication between the Board and Management; and
- Performing such other responsibilities as may be assigned by the Board from time to time.

### **Role of the Managing Director ("MD")**

The Managing Director ("MD") is responsible for the overall management and operational performance of the Group, and for implementing the strategies, plans and policies approved by the Board.

The MD is accountable to the Board for the achievement of the Group's objectives and shall operate within the authority delegated by the Board.

The MD's key responsibilities include, but are not limited to, the following:

- Developing and implementing the Group's strategic plans, business plans and budgets for the Board's approval;
- Overseeing the day-to-day operations of the Group to ensure efficiency, effectiveness and alignment with approved strategies;
- Establishing performance targets and monitoring the Group's operational and financial performance;
- Ensuring the establishment of an effective organisational structure, including talent management and succession planning for key management positions;
- Promoting a corporate culture that emphasises integrity, accountability and high performance;
- Ensuring compliance with all applicable laws, regulations, and internal policies;
- Managing relationships with key stakeholders, including regulators, business partners, investors and the public, and acting as the principal spokesperson where appropriate;
- Identifying key risks and ensuring the implementation of appropriate risk management and internal control systems; and
- Providing the Board with timely, relevant and accurate information to facilitate effective oversight and decision-making.

## **Role of the Executive Director (“ED”)**

Executive Directors (“EDs”) support the MD in the execution of the Group’s strategies and the management of its operations, and are responsible for specific business units or functional areas.

EDs are accountable to the Board and the MD for their respective areas of responsibility. Their key responsibilities include, but are not limited to, the following:

- Implementing the Group’s strategies, business plans and policies approved by the Board;
- Managing the operations of their respective divisions to ensure efficiency and effectiveness;
- Ensuring that financial management and reporting are conducted with integrity, transparency and in accordance with applicable standards;
- Maintaining effective internal controls and ensuring compliance with regulatory and internal requirements;
- Monitoring and managing risks within their areas of responsibility; and
- Providing regular reports and updates to the MD and the Board on operational, financial and risk matters.

## **Role of the Independent Director**

Independent Directors play a vital role in ensuring objective and independent judgement in Board deliberations and decision-making, in the best interests of the Company and its shareholders.

Their responsibilities include, but are not limited to, the following:

- Providing independent judgement, objectivity and constructive challenge to Management;
- Contributing to the development of the Group’s strategies, business plans and policies;
- Ensuring that key issues, risks and opportunities are rigorously evaluated;
- Safeguarding the interests of minority shareholders and ensuring fair treatment of all stakeholders;
- Monitoring the performance of Management in achieving agreed goals and objectives;
- Ensuring high standards of corporate governance, financial integrity and compliance;
- Devoting sufficient time and attention to their responsibilities and participating actively in Board and Committee meetings; and
- Exercising due care, skill and diligence in the discharge of their duties.

## **Other Roles and Responsibilities of the Board**

The Board is collectively responsible for the long-term success of the Group and for ensuring that it operates in a sustainable and responsible manner.

In discharging its fiduciary duties and responsibilities, the Board shall, among others:

- Overseeing the Group's sustainability strategy, including environmental, social and governance (ESG) considerations;
- Review and approve the Group's strategic direction, business plans and policies;
- Oversee the conduct of the Group's business and evaluate Management's performance;
- Establish the Group's risk appetite and ensure that principal risks are identified, assessed and effectively managed;
- Review and ensure the adequacy and effectiveness of the Group's risk management, internal control systems and management information systems;
- Promote and ensure high standards of corporate governance throughout the Group;
- Oversee the development and implementation of a shareholder communication and investor relations policy;
- Approve key matters including financial results, major investments and divestments, acquisitions and disposals, and capital expenditure within approved limits;
- Ensure that appropriate succession planning is in place for the Board and senior management; and
- Establish a formal schedule of matters reserved for its decision, including strategic, financial and governance matters.

## **Board Committees**

The Board may delegate certain of its responsibilities to Board Committees to assist in the effective discharge of its duties. Each Committee operates within clearly defined terms of reference ("TOR") approved by the Board and is authorised to consider and deliberate on matters within its scope.

The Chairman of each Committee shall report to the Board on the key matters deliberated, including any recommendations, and such reports shall be included in the Board papers. The Board retains overall responsibility for all decisions and matters delegated to the Committees.

The Board may establish additional Committees from time to time, as it deems necessary, to support the discharge of its responsibilities.

The Board has established the following Committees:

### **a) Audit Committee**

The Audit Committee ("AC") assists the Board in overseeing the integrity of the Group's financial reporting, the effectiveness of the system of internal controls and risk management, and the independence and performance of the external and internal auditors.

The AC's key responsibilities include, but are not limited to, the following:

- Reviewing the financial reporting process and ensuring the integrity of financial statements;
- Assessing the adequacy and effectiveness of internal control and risk management systems;
- Overseeing the internal audit function and reviewing its effectiveness;
- Recommending the appointment, re-appointment and removal of external auditors, and assessing their independence and performance; and
- Ensuring compliance with applicable accounting standards, laws and regulatory requirements.

**b) Nomination Committee**

The Nomination Committee ("NC") assists the Board in ensuring an appropriate balance of skills, experience, independence and diversity on the Board.

Its key responsibilities include, but are not limited to, the following:

- Recommending suitable candidates for appointment to the Board and Board Committees;
- Assessing annually the composition and effectiveness of the Board, Board Committees and individual Directors;
- Reviewing the required mix of skills, experience and expertise of Directors; and
- Overseeing succession planning for Directors and senior management.

**c) Remuneration Committee**

The Remuneration Committee ("RC") assists the Board in establishing a formal and transparent framework for the remuneration of Directors and senior management.

Its key responsibilities include, but are not limited to, the following:

- Recommending the remuneration policy and framework for Directors and senior management;
- Reviewing and recommending the remuneration packages of Executive Directors; and
- Ensuring that remuneration practices are aligned with the Group's business strategy and long-term objectives, and are sufficient to attract and retain talent.

**d) Risk Management Committee**

The Risk Management Committee assists the Board in overseeing the Group's risk management framework and ensuring that principal risks are identified, assessed and effectively managed.

Its key responsibilities include, but are not limited to, the following:

- Reviewing and recommending the Group's risk management framework and policies;

- Monitoring the implementation and effectiveness of risk management processes and internal controls;
- Reviewing the Group's risk profile, risk appetite and key risk exposures; and
- Ensuring that appropriate mitigation measures are in place to manage identified risks.

The Board may also delegate specific responsibilities to ad hoc Committees, individual Directors, employees or external advisers, where appropriate.

Notwithstanding any delegation of authority, the Board retains ultimate responsibility for the governance, oversight and decision-making of the Group.

Details of the membership and the TOR of each Board Committee are available on the Company's website at [www.astralasia.com](http://www.astralasia.com).

### **Financial Reporting**

In presenting the annual financial statements and quarterly announcements to the shareholders including reports submitted to the regulators, the Board aims to present a clear and balanced assessment of the AAB Group's financial position and prospects.

The Board ensures that the financial statements of the AAB Group are prepared in accordance with applicable accounting reporting standards and the provisions of the Companies Act 2016 so as to give a true and fair view of the state of affairs of the AAB Group.

### **Annual Board Evaluation**

The Board, through the NC, carries out evaluation on the effectiveness of the Board as a whole, each individual Director, the Board Committees and independence of Independent Directors on an annual basis. The findings of the evaluation are tabled at the NC meeting for discussion and subsequently reported to the Board. Where the Board deems appropriate, the evaluation may be carried out by a suitably qualified external party.

### **Directors' Training & Continued Education**

In addition to the mandatory training programmes required by Bursa Malaysia Securities Berhad, the Directors are encouraged to attend relevant training and professional development programmes conducted by reputable and competent professionals to enhance their knowledge and keep abreast of developments relating to the Company's business, industry, and regulatory environment.

The Nomination Committee shall periodically assess the training needs of Directors and ensure that they are provided with appropriate access to continuing education programmes to support them in effectively discharging their duties.

The Board shall disclose in the Company's Annual Report the training programmes attended by each Director during the financial year, in line with the requirements of Bursa Malaysia Securities Berhad.

### **Board Meetings**

The Board shall convene at least four (4) scheduled meetings annually, with additional meetings held as and when necessary. Notice of meetings, together with the agenda and the relevant Board papers, shall be circulated to all Directors at least seven (7) days prior to the meeting to allow sufficient time for review, the request of additional information, or clarification on matters to be deliberated. As a matter of policy, any Director who wishes to seek independent professional advice in the discharge of his or her duties may do so at the Company's expense. Directors shall also have unrestricted access to all information, records, and employees of the Company.

### **Annual General Meeting ("AGM")**

The Company regards the AGM as an important event in its corporate calendar, at which all Directors and key senior executives are expected to attend. The AGM serves as the principal forum for dialogue with shareholders and provide opportunity for effective communication and constructive feedback.

In line with the Malaysian Code on Corporate Governance ("MCCG"), notice of the AGM shall be circulated to shareholders at least twenty-eight (28) days prior to the meeting, which is earlier than the statutory minimum requirement, to allow shareholders sufficient time to consider the resolutions to be tabled. The notice of AGM and accompanying documents shall also be published on the Company's website to enhance accessibility for shareholders.

The Chairman shall encourage active shareholder participation at the AGM. During the AGM, the Chairman and, where appropriate, the Managing Director, shall respond to shareholders' queries. Where a significant question cannot be answered immediately, the Chairman shall undertake to provide a written response thereafter.

In compliance with the Main Market Listing Requirements ("MMLR"), all resolutions set out in the notice of the general meeting shall be determined by way of poll voting, thereby ensuring that the principle of "one share, one vote" is upheld and that the voting outcome accurately reflects the shareholders' intentions.

### **Extraordinary General Meeting ("EGM")**

The Board will consider requisitions by shareholders to convene an EGM or any other urgent matters requiring immediate attention of the Company.

## **Investor Relations and Shareholder Communication**

The Board ensures the need for shareholders to be informed of all material business matters affecting the Group and as such adopts an open and transparent policy in respect of its relationship with its shareholders and investors.

The Board ensures the timely release of financial results on a quarterly basis to provide shareholders and analysts with an overview of the Group's performance and operations in addition to the various announcements made during the year.

The Group's website, [www.astralasia.com](http://www.astralasia.com), provides easy access to corporate information pertaining to the Group and its activities and is continuously updated.

## **Relationship with Other Stakeholders**

In the course of pursuing the corporate objectives of the Group, the Board recognises that no business organisation can exist by maximising shareholders value alone. In this regard, the needs and interests of other stakeholders are also taken into consideration.

The Board is responsible for:-

- ensuring the Group's strategies promote sustainability;
- ensuring the rights of other stakeholders are not being compromised;
- ensuring the Group has in place a policy to enable effective communication not just with shareholders, but with all stakeholders;
- establishing policies governing the Group's relationship with other stakeholders and the broader community; and
- establishing and maintaining environmental, employment and occupational health and safety policies.

## **Company Secretary**

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

The key role of the Company Secretary is to provide advice and support to the Board to enhance the effective functioning of the Board and to ensure compliance with regulatory requirements. The primary responsibilities of the Company Secretary include:

- Ensuring that Board procedures and applicable rules are observed;
- Maintaining records of the Board and ensuring effective management of the Company's records;
- Preparing comprehensive minutes of Board proceedings and ensuring that decisions are accurately recorded;
- Assisting in communication between the Board and Management; and

- Carrying out other functions as may be assigned by the Board from time to time.

### **Directors' Code of Conduct and Ethics**

The Board observes the Directors' Code of Conduct and Ethics issued by the Companies Commission of Malaysia, as well as the Company's own Code of Conduct and Ethics. Directors are expected to uphold the highest standards of integrity and ethical conduct in discharging their duties. The Board will review this Code of Conduct and Ethics regularly to ensure that it continues to remain relevant and appropriate.

### **Directors' Fit & Proper Policy**

The Board has adopted a Directors' Fit and Proper Policy to ensure that all Directors possess the necessary character, integrity, competence, and time commitment to discharge their responsibilities effectively. The Board will review this Fit & Proper Policy regularly to ensure that it continues to remain relevant and appropriate.

### **Review of the Board Charter**

The Board Charter shall be reviewed and may be amended by the Board as and when it deems appropriate, to ensure that it remains consistent with the Board's objectives, applicable laws, regulations, and corporate governance best practices. Any amendments to the Charter shall be approved by the Board.

### **Publication of the Board Charter**

Key features of this Board Charter shall be disclosed in the Company's Annual Report in accordance with the MCGG. A copy of the full Charter shall be published and made available on the Company's website for reference by shareholders, investors, and other stakeholders.