



PENGURUSAN AIR SELANGOR SDN BHD

[Company No.: 201401006213 (1082296-U)]

BOARD CHARTER

(Approved by the Board on 3 April 2023)

TABLE OF CONTENTS

NO	TITLE	PAGE NO.
1	INTRODUCTION	1
2	GOVERNANCE STRUCTURE OF THE BOARD	1
3	BOARD COMPOSITION	1
4	ROLES AND RESPONSIBILITIES OF THE BOARD, CHAIRMAN AND CHIEF EXECUTIVE OFFICER (“CEO”)	2
	4.1 The Directors	2
	4.2 The Chairman	2
	4.3 The CEO	2
5	BOARD COMMITTEES	3
	5.1 Board Audit Committee (“BAC”)	3
	5.2 Board Nomination and Remuneration Committee (“BNRC”)	3
	5.3 Board Risk and Sustainability Committee (“BRSC”)	3
	5.4 Board Procurement Committee (“BPC”)	4
6	MATTERS RESERVED FOR THE BOARD	4
7	BOARD MEETINGS	4
	7.1 Frequency	4
	7.2 Notice & Agenda	4
	7.3 Quorum	5
	7.4 Meeting Mode	5
	7.5 Voting	5
	7.6 Meeting Minutes	5
8	CODES OF CONDUCT AND ETHICS	6
9	WHISTLEBLOWING POLICY	6
10	COMPANY SECRETARY	6
11	STAKEHOLDERS COMMUNICATION	6
12	REVIEW OF THE BOARD CHARTER	6

1.0 INTRODUCTION

1.1. The Board of Directors (“Board”) of Pengurusan Air Selangor Sdn Bhd (“Air Selangor” or “Company”) acknowledges the importance of having a sound and robust Corporate Governance framework to promote a culture of integrity and transparency throughout Air Selangor. The Board is committed to maintaining the highest standards of transparency, integrity and honesty.

1.2. The Board Charter outlines the following:

Practice 2.1, MCGG

- The respective roles and responsibilities of the Board, Board Committees, individual Directors and management of the Company; and
- Matters reserved for the Board.

2.0 GOVERNANCE AND STRUCTURE OF THE BOARD

2.1. The Board has established the following standing Board Committees with specific responsibilities. Each Board Committee has its written terms of reference approved by the Board and they assist the Board by monitoring and reviewing issues within their respective scopes/responsibilities as delegated by the Board.

2.2. The governance structure of the Board is as follows:



Notes:

Report directly and functionally to the Board Audit Committee and administratively to the CEO.

^ Support the Board Committee functionally and report directly to the CEO.

3.0 BOARD COMPOSITION

3.1. The number of Board members of the Company shall not be more than 9 Directors as prescribed by its Constitution, reflecting the size and type of business, industry, and operating environment. **Rule 75, Constitution**

- 3.2. The Company's Board Composition Policy outlines the right balance and diversity of the Board in terms of skills and professional background, relevant knowledge, international and industry experience, independence, gender, age ethnicity, and environmental, social and governance ("ESG") competence, and other soft attributes required as Company Directors.
- 3.3. The Board shall maintain a minimum of 30% women as members of the Board. **Practice 5.9, MCGG & Para 15.02(1) MMLR**
- 3.4. The Board shall comprise a majority of Independent Non-Executive Directors in accordance with the best practice of Large Corporations. **Practice 5.2, MCGG & Para 15.02(1) MMLR**
- 3.5. The tenure of an Independent Director is limited to a cumulative term limit of nine (9) years without further extension. However, an Independent Director may continue to serve as a Non-Independent Director after the expiry of the 9-year tenure. **Step Up 5.4, MCGG**
- 4.0 ROLES AND RESPONSIBILITIES OF THE DIRECTORS, CHAIRMAN AND CHIEF EXECUTIVE OFFICER ("CEO")**
- 4.1 The Directors**
- 4.1.1. The Board is collectively responsible to set the Company's strategic aims, ensure that the necessary resources are in place for the Company to meet its objectives, and review the management performance of the Company, act in the best interest of the Company, set the Company's values and standards and ensure that its obligations to the stakeholders are met. **Practice 1.1, MCGG**
- 4.1.2. Each Director shall at all times exercise his or her powers in accordance with the Companies Act 2016, for a proper purpose and in good faith in the best interest of the Company.
- 4.2 The Chairman**
- 4.2.1 The Chairman of the Board is responsible for instilling good corporate governance practices, leadership, and effectiveness in the Board. **Practice 1.2, MCGG**
- 4.2.2 The positions of Chairman and CEO are held by different individuals with a clear demarcation of the roles and responsibilities between the two positions. **Practice 1.3, MCGG**
- 4.2.3 The Chairman of the Board should not be a member of any Board Committees in order to bring greater objectivity to boardroom deliberation. **Practice 1.4 & 9.1, MCGG**

4.3. The CEO

The CEO is responsible for leading and managing the day-to-day operations of the Company's business (subject to the delegated authority approved by the Board) and implementing the Company's strategies and policies. The CEO is accountable to the Board and is supported by his team of management.

5.0 BOARD COMMITTEES

The Board delegated some of its powers and functions to the following Board Committees with specific terms of reference:

5.1. Board Audit Committee (“BAC”)

The BAC assists the Board in fulfilling its oversight duties through the review of the Company's financial statements and financial reporting process made in compliance with applicable financial reporting standards and regulations, audit process, the adequacy and effectiveness of systems for internal controls and risk management systems.

5.2. Board Nomination and Remuneration Committee (“BNRC”)

5.2.1 Pursuant to its Nomination function, the BNRC assists the Board in the assessment, nomination and appointment of new Directors to the Board and Board Committees. The BNRC also reviews the size, composition and diversity of the Board and Board Committees to reflect the required mix of skills, knowledge, experience and other requisite qualities of Directors as well as undertakes annual assessment of the effectiveness of the Board, its Board Committees and each individual Director.

5.2.2 Pursuant to its Remuneration function, the BNRC sets the policies and procedures on the remuneration framework, including reviewing and recommending the remuneration policies and procedures which is used to determine the remuneration packages of the Non-Executive Directors, CEO, including that of the Senior Management positions as defined in the terms of reference of BNRC of the Company, namely Director/Head of Operations and Head of Finance & Strategy.

5.3. Board Risk and Sustainability Committee (“BRSC”)

5.3.1 The BRSC advises the Board on the Company's overall risk appetite, tolerance and strategy and level of resilience; oversees and advises on current risk exposures; reviews the Company's capability to identify and manage new emerging risks and makes appropriate recommendations to the Board.

5.3.2 The Board through the BRSC together with management takes responsibility for the governance of sustainability in the Company including setting the Company’s sustainability strategies, priorities and targets, and monitoring of the content and completeness of Air Selangor’s external statements, disclosures and other reporting on ESG matters. **Practice 4.1, MCCG**

5.3.3 The Board through the BRSC 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. **Practice 4.1, MCCG**

5.4. **Board Procurement Committee (“BPC”)**

The BPC is responsible to review and approve the procurement proposals on awards and variation orders according to the Company’s financial authority limits and the procurement guidelines, as approved by the Board.

6.0 **MATTERS RESERVED FOR THE BOARD**

The Board reserves full decision-making power, amongst others, on the following matters:

- (i) Company strategic plans and budgets;
- (ii) Capital expenditure, acquisitions or disposals of assets, and transactions exceeding the management delegated authority limit;
- (iii) Management delegated authority limit and any changes thereof;
- (iv) Corporate exercises for e.g., acquisitions, mergers, divestment and takeovers;
- (v) Company dividend policy and payout;
- (vi) Corporate governance related policies and key Company policies and procedures, and any changes thereof; and
- (vii) Any matters and/or transactions that fall within the ambit of the Board pursuant to the Companies Act 2016, Company Constitution or any other applicable laws and regulations.

7.0 BOARD MEETING

7.1. Frequency

- 7.1.1. The Board shall convene at least four (4) meetings in each financial year end and at any such times as it deems necessary to fulfil its responsibilities.
- 7.1.2. Management or any other party may attend meetings upon invitation of the Board.

7.2. Notice & Agenda

- 7.2.1 The Company Secretary shall issue and circulate the notice of meeting to every Director, confirming the venue, time and date of meeting at least seven (7) working days before each meeting or at a shorter notice period agreed to by the Directors.
- 7.2.2 The agenda for each meeting together with the relevant Board papers and documents shall be circulated to the Directors at least five (5) working days prior to the Board meetings. **Guidance 1.6, MCGG**
- 7.2.3 The meeting agenda shall be set by the Chairman with input from the Board members and assisted by the Company Secretary. Where necessary, the agenda shall include input from management or other persons deemed appropriate to participate in this process. **Guidance 1.6, MCGG**
- 7.2.4 Upon the request of a Director and subject to approval by the Chairman, the Company Secretary shall, at any time call for a meeting of the Board. Each member of the Board shall receive notice of such meeting orally in person or by such other means as the Board may from time to time determine. Any notice given orally, in person or by telephone shall be confirmed in writing.
- 7.2.5 Board Committee meetings should be conducted separately from the main Board meeting to enable objective and independent discussion during the meeting. **Guidance 1.6, MCGG**

7.3. Quorum

- 7.3.1. The quorum for a Board meeting shall be at least two (2) Directors. In the absence of the Chairman, the Directors present shall elect a person from amongst themselves to chair the Board meeting.

7.4. Meeting Mode

- 7.4.1. A meeting shall normally be conducted face-to-face to enable effective discussion. However, meetings may also be conducted virtually via telephone conferencing, online video conferencing, or any other appropriate communication means as determined by the Board and a member who participates in such meeting shall be

deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.

7.5. Voting

7.5.1. All resolutions of the Board shall be adopted by a simple majority vote, each Director having one vote. In the event of an equality of votes, the Chairman of the Board shall be entitled to a second or casting vote.

7.5.2. Director who has a direct or deemed interest in the subject matter to be deliberated is required to disclose and abstain from deliberations and voting in respect of any matter which may give rise to an actual or perceived conflict of interest situation.

7.6. Meeting Minutes

7.6.1. The minutes of the Board meeting shall record the proceeding, deliberations and decisions of the Board, including any dissenting views and whether a Director had abstained from voting or voted against a particular matter/resolution.

7.6.2. Minutes shall be distributed to Board members and shall be approved for signing by the Chairman of the meeting at which the proceedings are held or by the Chairman of the next succeeding meeting.

8.0 CODE OF CONDUCT AND ETHICS

The Board shall formalise and maintain a set of highest ethical standards of behaviour expected of all Directors, management, and employees through the Code of Conduct and Ethics, and together with management implement its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

**Practice 3.1, MCCG
Guidance 3.1
MCCG**

9.0 WHISTLEBLOWING POLICY

9.1. The Board shall establish, review and together with management implement policies and procedures on whistleblowing to promote good business conduct and maintain a healthy corporate culture.

Practice 3.2, MCCG

9.2. The oversight of the whistleblowing function is under the purview of the Integrity Section of Risk Management Department and the BAC to ensure that whistleblowing arrangements are in place for appropriate investigation and follow-up actions. Allegations of wrongdoing and complaints shall be channelled to the BAC Chairman.

10.0 COMPANY SECRETARY

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

**Section 235, CA
2016 & Practice 1.5,
MCCG**

11.0 STAKEHOLDERS COMMUNICATION

The Board shall ensure effective, transparent and regular communication with stakeholders by establishing channels for stakeholders to provide their views and feedback including complaints, for the Company to acknowledge and address shareholders' views, feedback and complaints appropriately.

**Practice 12.1,
MCCG**

12.0 REVIEW OF THE BOARD CHARTER

This Board Charter shall be periodically reviewed and updated taking into consideration the needs of the Company as well as any developments and regulations that may have an impact on the discharge of the Board's duties and responsibilities. The Board Charter shall be made available in the Company's website.

**Practice 2.1,
MCCG**