



# BOARD CHARTER

**THREE-A RESOURCES BERHAD**

199901006659 (481559-M)

The Board of Directors (“**Board**”) of THREE-A RESOURCES BERHAD (“**3A**”) and its subsidiaries (collectively known as “**3A Group**”) is accountable and responsible for the overall stewardship of the conduct, affairs and performance including practicing a high level of good governance. All Board members are expected to show good stewardship and act in a professional manner, as well as upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.

## 1. PURPOSE

- 1.1 This Board Charter sets out the board composition, role and responsibilities, function and operation of the Board and is to ensure that all Board members are aware of their duties and responsibilities as Board members.
- 1.2 This Board Charter would act as a source of reference and primary induction literature to provide insights to prospective Board members and senior Management. In addition, it will assist the Board in the assessment of its own performance and of its individual Directors

## 2. BOARD COMPOSITION

- 2.1 The Board shall comprise of at least two (2) Directors or one third of the Board, whichever is higher, shall be Independent Directors as defined in the Bursa Securities Main Market Listing Requirements.
- 2.2 The tenure of an Independent Non-Executive Director (“**NED**”) should not exceed a cumulative term limit of nine (9) years. Upon completion of the nine (9) years, an Independent NED may continue to serve on the Board as a Non-Independent NED. If the Board intends to retain an Independent NED beyond nine (9) years, it shall justify and seek annual shareholders’ approval.
- 2.3 If the Board continues to retain the Independent NED after the twelfth (12) year, the Board shall seek annual shareholders’ approval through a two-tier voting process. Under the two-tier voting process, shareholders’ votes will be cast in the following manner at the same shareholders’ meeting:
  - Tier 1: Only the Large Shareholder(s) of the Company votes
  - Tier 2: Shareholders other than Large Shareholder(s) votes

The decision for the resolution is determined based on the vote of Tier 1 and a simple majority of Tier 2. If there is more than one Large Shareholder, a simple majority of votes determine the outcome of the Tier 1 vote.

The resolution is deemed successful if both Tier 1 and Tier 2 votes support the resolution. However, the resolution is deemed to be defeated where the vote between the two tiers differs or where Tier 1 voter(s) abstained from voting.

- 2.4 Members of the Board should possess the relevant knowledge, skills, competencies, functional and management experience, characteristics and mind-set to contribute effectively to the Board. The Board shall also regularly review its membership to ensure the Board remains relevant and should formalise its succession planning practices.
- 2.5 Directors may relinquish their membership on the Board with prior written notice to the Company Secretary, subject to compliance with the provisions of the Companies Act, MMLR and the Company’s Constitution.

### 3. AUTHORITIES OF THE BOARD

The Board is authorised to do the following at the expense of 3A Group:

- Be provided resources in order to perform its duties
- Have direct access to the Senior Management team, internal auditors and the external auditors
- Have direct communication channels and access to the Company Secretary, and full and unrestricted access to information, records, properties and personnel of the Group in performing their duties
- Obtain external, legal or independent professional advice as deemed necessary
- Convene meetings with the internal auditor and/or external auditors without the attendance of any executive, as deemed necessary
- Authorise investigations into fraud, illegal acts or suspected violations of Group policies involving Management or Directors

### 4. ROLES AND RESPONSIBILITIES OF THE BOARD, THE CHAIRMAN AND DIRECTORS

#### 4.1 Principle Responsibilities of the Board

- i. Promoting together with Senior Management, good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour.
- ii. Reviewing and adopting strategic plan for 3A Group
  - Review, evaluate and approve Management's proposal on a strategic plan for 3A Group by bringing objectivity and breadth of judgment to the strategic planning process.
  - Ensure that the strategic plan for 3A Group supports long-term value creation and includes strategies on economic, environmental, safety & health, social and governance considerations underpinning sustainability.
- iii. Overseeing the conduct of the Group's business
  - Oversee the conduct of 3A Group's business, including the formulation of strategy and performance objectives, control and accountability systems, corporate governance framework, risk management practices and human capital management.
  - Approve and monitor progress of major capital expenditure, fund-raising, acquisitions and divestitures.
  - Supervise and assess the performance of Management to determine whether the business is being properly managed and ensure that appropriate measures are in place against which Management's performance can be assessed.
  - Monitor compliance with established policies and procedures.
- iv. Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures
  - Understand the principal risks of 3A Group business and recognise that business decisions involve the taking of appropriate risks.
  - Fulfil statutory and responsibilities by monitoring the operational, financial and risk management processes of 3A Group and ensuring that internal control procedures are in place.

- Set the risk appetite within which the Board expects Management to operate and ensure a sound risk management framework is in place.
- v. Succession Planning
  - Ensure measures are in place for succession planning.
  - Ensure the Senior Management has the necessary skills and experience.
- vi. Reviewing the adequacy and the integrity of the internal control systems of 3A Group
  - Review the efficiency and quality of 3A Group's financial reporting process and systems of accounting and internal controls.
  - Ensure the integrity of 3A Group's financial and non-financial reporting.

#### 4.2 Role of Board Chairman

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 duties of the Board Chairman include the following:

- i. Managing the Board
  - Setting the agenda for each Board meeting together with the Company Secretary, other Directors and key members of Management of 3A Group.
  - Ensuring the provision of accurate, complete, timely and clear information to the Directors.
  - Ensuring all matters requiring Board approval are brought to the Board in a timely and appropriate manner.
  - Leading Board meetings, discussions and to ensure robust decision making.
  - Managing boardroom dynamics by promoting a culture of openness and debate; encouraging active participation and allowing dissenting views to be freely expressed.
  - Ensuring all Directors are properly briefed on issues arising at Board meetings in a timely manner.
  - Providing leadership for the Board so that the Board can perform its responsibilities effectively.
  - Taking a leading role in establishing an effective corporate governance system and practices, including Board and Committee Charters, a Committee structure and ensuring that induction as well as ongoing education programmes for Directors are in place.
  - Promoting effective communication between Management and the Board, although all Directors shall have the opportunity to get to know key members of the Management team.
  - Ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole.
- ii. Relationship with Shareholders, Stakeholders and the Public
  - Chair all meetings of shareholders and ensure that all items set out in the notice of meeting are properly discussed, considered and resolved.
  - Acting as a spokesperson for the Board.

- Representing 3A Group on occasions when actions are taken or statements are made in the name of the 3A Group, both domestically and/or abroad.

#### 4.3 Role of Individual Director

- i. Directors are expected to comply with their legal, statutory and equitable duties and obligations when discharging their fiduciary responsibilities as Directors.
  - Acting in good faith and in the best interests of 3A Group.
  - Demonstrating good stewardship and acting in a professional manner with sound mind.
  - Acting with reasonable care, skill and diligence subject to the business judgement rule.
  - Avoiding conflicts of interest with 3A Group in a personal or professional capacity, including improper use of the property, information, opportunity or position as a Director or officer of 3A Group or engaging in business which is in competition with 3A Group.
  - Ensuring Board information, discussions, deliberations and decisions that are not publicly known are not used for personal interest, or their employers' interest.
  - Disclosure of and abstaining from voting on matters of material personal interest.
  - Compliance with the Companies Act, securities legislation and all other relevant regulations.
- ii. Every Director shall devote sufficient time to prepare for and attend Board and Board Committee meetings, attend Directors' continuous training programme and briefings.
- iii. Every Director must attend at least fifty (50) percent of the Board meetings held in each financial year.
- iv. Every Director must keep abreast of his responsibilities as a Director and of the conduct, business activities and development of 3A Group.
- v. Every Board member should ensure that the minutes of meetings accurately reflect the deliberations and decisions of the Board, including whether any Director abstained from voting or deliberating on a particular matter.

#### 4.4 Role of Non-Executive Director

The role of NED largely encompasses the monitoring of 3A Group performance and contributing to the development of group strategy. The NED could provide the relevant checks and balances, focusing on shareholders' and other stakeholders' interests and ensuring that high standards of corporate governance are applied.

- **Strategy** - Constructively challenge and contribute to the development of Company strategy;
- **Performance** - Scrutinises the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance; and
- **Risk** - Satisfy themselves that the financial information presented is accurate and that financial controls as well as systems of risk management are robust and defensible

#### 4.5 Role of Managing Director and Executive Director

- i. The Managing Director (“MD”), assisted by his fellow Executive Director (“ED”), assumes the overall responsibilities for the execution of strategies in line with the Board’s direction, oversees the operations, businesses and performance of 3A Group.
  - Displaying ethical behaviour while overseeing the day-to-day business operations, implementing Board policies and strategies, and making operational decisions.
  - Serving as the conduit between the Board and Management in ensuring the success of the 3A Group's governance and management functions.
  - Ensuring that all Board decisions reflect its environment, safety and health intentions as articulated in the environment, safety and health policy statement.
  - Ensuring effective relationships and communication with Management, and between the Board, shareholders and relevant stakeholders.
  - Providing strong leadership by effectively communicating the vision, management philosophy, business strategy and environment, safety and health policy to employees.
  - Keeping the Board informed of salient aspects and issues concerning the 3A Group's operations, including those related to environment, safety and health.
- ii. The MD and his fellow EDs shall act within all specific authorities delegated to them by the Board.
- iii. In discharging the above responsibilities, the MD can delegate appropriate functions to any member of Senior Management, including EDs, who shall report to the MD, but remain accountable to the Board.

#### 5. MATTERS RESERVED

The matters reserved for the Board include:

- 3A Group's strategy, plans and budgets;
- Acquisitions and disposals and transactions exceeding the authority limits;
- Changes to the Managing Directors and Senior Management of the 3A Group; and
- Changes in the key policies, procedures and delegated authority limits of the Group.

#### 6. BOARD MEETINGS

##### 6.1 Frequency

The Board shall meet at least four (4) times in a financial year, with additional meetings to be convened as and when necessary.

##### 6.2 Notice and Agenda

Notices and agenda of meetings duly endorsed by the Chairman together with the relevant Board papers shall be distributed at least five (5) business days prior to the Board meetings.

### 6.3 Quorum

The quorum for a Board meeting shall be a minimum of two (2) Directors. In the absence of the Chairman, the members present shall elect a Chairman from amongst them to chair the meeting.

### 6.4 Meeting Mode

A meeting shall normally be conducted face-to-face to enable effective discussion; however, meetings may also be conducted via telephone conferencing, video conferencing or other appropriate means as determined by the Board.

The Board may from time to time and if deemed appropriate, consider and approve and/or recommend relevant matters via a resolution in writing, in lieu of formally convening a meeting. A written resolution in writing signed or approved by a majority of the Directors shall be as valid and effectual as if it has been passed by a meeting of the Board duly convened. Approval of the Board on the resolution can be through email and/or other means of electronic communications. Any such resolution may consist of several documents, including facsimile or other means of communications, in like form, each signed by one or more Directors.

### 6.5 Voting

All resolutions of the Board shall be adopted by a simple majority vote, each member having one vote. In case of equality of votes, the Chairman of the Board shall have a second or casting vote.

A Board member is required to abstain from deliberations and voting in respect of any matter which may give rise to an actual or perceived conflict of interest situation.

### 6.6 Meeting Minutes

The minutes of the meeting shall be action oriented, and record the deliberations and decisions of the Board. The minutes shall include compiled Board instructions as Matters Arising for discussion at each Board meeting to ensure proper follow through.

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

### 6.7 Secretary

The Secretary to the Board shall be the Group Secretary or a person recommended by the Group Secretary and approved by the Board. The Secretary shall organise and provide assistance at Board and Board Committee meetings and have the following key responsibilities:

- Draft the schedule of Board activities for the financial year
- Ensure meetings are arranged and held accordingly
- Assist the Chairman in planning the Board's activities
- Draw up meeting agendas in consultation with the Board Chairman and maintain the minutes
- Ensure structured communication channels between the Board and Board Committees
- Attend Board and Board Committee meetings and ensure the proceedings of meetings are recorded and the minutes circulated in a timely manner

## 7. BOARD REVIEW PROCESS

- 7.1 The Committees and each individual Director will be annually reviewed to remain relevant and effectiveness of the Board. The Board shall engage professional, experienced and independent party(ies) periodically to facilitate objective and candid board evaluation if it deems necessary.
- 7.2 The Board via the Nomination Committee shall establish a set of criteria for the assessment of all Directors including Independent Directors. In establishing these criteria, attention shall be given to the values, principles and skills required for 3A Group. These criteria will serve as a source of reference for prospective and incumbent Directors for the Board's annual assessment.
- 7.3 The evaluation shall cover the performance of the Board, the various Board Committees and each individual Director.
- 7.4 The Board, in assessing a Director's independence should focus not only on whether a Director's background and current activities qualify him or her as independent but also whether the Director can act independently of Management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of the Company.

## 8. DIRECTORS' EDUCATION TRAINING

The Directors are encouraged to attend relevant seminars and training programmes to equip themselves with the knowledge to effectively discharge their duties as Directors. In addition, individual directors are responsible for determining their continuous training needs to keep abreast of changes in both the regulatory and business environments as well as with new developments within the industry which 3A Group operates. The Board will assess the training needs of the Directors and shall disclose in the Annual Report the trainings attended by the Directors.

## 9. BOARD COMMITTEES

The Board has delegated its powers and functions to each of the following Board Committees to assist it in carrying out its responsibilities. The Chairman of the respective Committees shall report and update the Board on significant issues and concerns discussed and where appropriate, make the necessary recommendations to the Board.

### 9.1 Audit Committee ("AC")

The AC assists and supports the Board's responsibility of overseeing 3A Group's operation by providing a means for reviewing its processes for producing financial data, its internal controls, and policies and procedures to assess the suitability, objectivity and independence of 3A Group's external auditor and internal audit function.

### 9.2 Nomination Committee ("NC")

The NC oversees matters related to the nomination of new Directors, annually reviews the required mix of skills, experience and other requisite qualities of Directors as well as undertakes the annual assessment of the effectiveness of the Board as a whole, its Committees and the contribution of each individual Director.



### 9.3 Remuneration Committee (“RC”)

The RC is primarily responsible for recommending to the Board the remuneration framework for Directors, reviewing the remuneration package for Executive Directors and Senior Management of 3A Group.

### 9.4 Risk Management Committee (“RMC”)

The RMC is primarily responsible for assisting the Board in overseeing the risks management framework and policies within 3A Group and reviews the efficacy of internal controls within 3A Group.

### 9.5 Sustainability Committee (“SC”)

The SC assists and supports the Board’s responsibility of overseeing 3A Group’s objectives, policies and practices pertaining to sustainability, covering environment, community relations, safety and health.

## 10. CODE OF CONDUCT AND ETHICS

The Board shall formalise and maintain a set of ethical standards of behaviour expected of all Directors, employees and, where applicable, business partners through 3A Group’s Code of Business Conduct and together with Management, implement its policies and procedures, which include managing conflicts of interest, encouraging whistleblowing, preventing bribery, corruption, abuse of power, inside information and securities trading.

## 11. WHISTLEBLOWING POLICY

The Board should establish and review together with Management to implement appropriate policies and procedures on whistleblowing. The oversight of the whistleblowing function is under the purview of the Board, Management and HR Department who shall ensure that all reported violations are properly investigated. The Board is also responsible for reviewing the effectiveness of the actions taken in response to all concerns raised.

## 12. GROUP SECRETARY

12.1 The Board shall ensure that it is supported by a suitably qualified and competent Group Secretary, who plays an important advisory role and fulfils the functions for which he/she has been appointed.

12.2 The Group Secretary is a central source of information and advice to the Board and its Committees on issues relating to sound governance and compliance with laws, rules, procedures and regulations and advocates adoption of corporate governance best practices affecting 3A Group.

12.3 The roles and responsibilities of the Group Secretary shall include, but are not limited to the following:

- Advising the Board on its roles and responsibilities
- Facilitating the orientation of new Directors and assist in Directors training and development

- Advising the Directors on corporate disclosures and compliance with 3A and securities regulations and listing requirements including:
  - disclosure of interests in securities
  - disclosure of any conflict of interest in a transaction involving 3A Group
  - prohibition of dealing in securities
  - restrictions on disclosure of price-sensitive information
- Managing processes pertaining to the annual shareholders' meeting
- Monitoring corporate governance development and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectations
- Serving as a focal point for stakeholders' communication and engagement on corporate governance issues

12.4 The Group Secretary must keep abreast of, and inform the Board of current governance practices. The Group Secretary should undertake continuous professional development.

### **13. STAKEHOLDERS' COMMUNICATION**

The Board shall ensure effective, transparent and regular communication with its stakeholders to facilitate mutual understanding of each other's objectives and expectations.

### **14. REVIEW OF BOARD CHARTER**

This Charter and the Terms of Reference of each Committee established by the Board shall be reviewed and updated by the Board taking into consideration the needs of 3A 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.