



TERMS OF REFERENCE

BOARD OF DIRECTORS

AASANDHA COMPANY LIMITED
28 JANUARY 2026

Document Authorization

Document Type	Terms of Reference (TOR)
Document Title	Terms of Reference – Board of Directors
Version	1.2
Date	January 28, 2026
TOR Custodian	Company Secretary

Document Approval Record

Version	BOD Approval Date	Description of Changes
1.0	July 14, 2015	New Charter
1.1	October 23, 2024,	Modified the whole charter as required by CG Code.
1.2	January 28, 2026	Renamed to Terms of Reference to align with CG Code

Terms of Reference: Board of Directors

1. Introduction

The Terms of Reference (TOR) of the Board explain the principles and practices essential for the effective operation of the Board of Directors. It articulates, with clarity, the distinct roles, responsibilities, and authorities vested in both individual directors and the Board as a collective entity in guiding, managing, and overseeing the Company. The Terms of Reference of the Board serve as a supplement to relevant legislation and align with the provisions outlined in the Company's Memorandum and Articles of Association.

By adhering to this Terms of Reference, the Board of Directors can enhance their effectiveness in fulfilling fiduciary duties while fostering transparency and accountability within the company. The Terms of Reference thus serve as an essential tool for promoting good governance practices that align with best industry standards.

2. Purpose

The purpose of the Terms of Reference is to serve as a foundational document that outlines the roles, responsibilities, and governance structure of the Board of Directors. Specifically, the TOR:

- 2.1 **Defines the Board's Authority:** It specifies the powers granted to the Board, including its decision-making capabilities and the scope of its oversight.
- 2.2 **Clarifies Roles and Responsibilities:** It details the specific functions and duties of board members, guiding them in fulfilling their obligations to the organization.
- 2.3 **Establishes Governance Framework:** It provides a framework for how the Board operates, including its composition, meeting protocols, and committee structures.
- 2.4 **Guides Strategic Direction:** It outlines the Board's responsibility in setting and monitoring the organization's strategic objectives and goals.
- 2.5 **Promotes Accountability:** The TOR helps ensure that Board members are accountable for their actions and decisions, fostering transparency and integrity in governance.

- 2.6 **Supports Compliance:** It ensures that the Board operates in compliance with legal, regulatory, and ethical standards.
- 2.7 **Enhances Communication:** The TOR serves as a reference for Board members, management, and stakeholders, clarifying how the Board interacts with different parts of the organization.

3. Board composition

The composition of the Board shall be determined by the provisions set forth in the Company's Articles of Association (AOA). The Board is comprised of seven members. It is required that a majority of these directors be Non-executive Directors. Appointments to the Board are made in accordance with the Policy established by the Privatization and Corporatization Board (PCB) pursuant to Section 12 of the Privatization and Corporatization of State Businesses and their Monitoring Evaluation Act.

4. Roles and responsibilities

4.1 Role of Chairperson

The Chairperson should be a non-executive, preferably an Independent Director. Responsibilities include: -

- a) Setting the agenda for Board meetings.
- b) Ensuring Directors receive accurate and timely information for informed decisions
- c) Fostering constructive relations between the Board and Management.
- d) Facilitating contributions from Non-Executive Directors during and outside meetings.
- e) Encouraging cooperation between Executive and Non-Executive Directors.
- f) Maintaining sound relations with shareholder, ensuring effective communication and disclosure principles are followed.
- g) Acting as the primary contact between the enterprise and ownership, when necessary, in coordination with other board members.
- h) Representing the Board at AGMs and in communications with shareholder/ stakeholders.

- i) Ensuring new directors receive tailored inductions, while all directors continuously update their skills related to their roles on the Board and committees.
- j) Assessing training programs for directors as needed.
- k) Monitoring evaluation of Board appraisals reported to PCB annually.
- l) Promoting high corporate governance standards, ensuring compliance with CG Code, signing off on the Corporate Governance Statement for the Annual Report.
- m) Schedule Board and committee meetings in advance to ensure attendance.
- n) Ensure issues discussed in committees are reported back to the Board; committee chairs should present recommendations briefly at meetings.
- o) Ensure thorough discussion and consultation of the entire Board before issuing policies.
- p) Avoid interfering in the day-to-day operations of the company.

4.2 Role of Managing Director

Key responsibilities of the Managing Director include:

- a) Developing and recommending a long-term vision and strategy to the Board that enhances shareholder value and builds positive stakeholder relations.
- b) Creating annual business plans and budgets aligned with the long-term strategy, ensuring risk assessments under various scenarios are presented to the Board.
- c) Striving to achieve financial and operational goals while managing day-to-day affairs effectively.
- d) Serving as chief spokesperson on operational matters while coordinating communication responsibilities with the Chairperson and Board.
- e) Fostering a positive, ethical work environment that attracts, retains, and motivates diverse top-quality employees, promoting corporate culture rooted in ethics, integrity, equal opportunity, and social responsibility.
- f) Implementing Board policies and updating the Board on their progress.

4.3 Role of Non-executive Directors

The principal functions are to lead the company and oversee management. The responsibilities include the following:

- a) Meeting at least once a year without Management or Executive Directors present.
- b) Acting with good faith, honesty, integrity, and independence from outside influences.
- c) They have a statutory duty of loyalty to avoid conflicts of interest and are legally accountable for breaches.
- d) Performing duties in good faith for the best interests of the company, shareholder, stakeholders, while exercising reasonable skill and care.
- e) Acting in the enterprise's best interest equitably towards shareholder; liability among board members should be consistent regardless of nomination source.
- f) Ensuring compliance with laws, statutes, regulations (including Accounting and Audit Standards).
- g) Review Board papers to understand the company's business and management performance.
- h) Constructively challenge business directions and performance.
- i) Developing long-term strategic proposals for the company.
- j) Approving corporate strategy within overall objectives; monitor its implementation.
- k) Reviewing Management's performance against agreed goals.

4.4 Role of the Board as a whole

The Board is responsible for the following.

- a) The Board must act in the best interest of the company and shareholder.
- b) Clearly establish and document the division of responsibilities between Chairperson and Managing Director.
- c) Define roles and responsibilities between the Board and Management to enable effective performance.

- d) Ensure sufficient time for attending and contributing to meetings.
- e) Actively seek reliable information from management and verify its accuracy to perform effectively.
- f) Bring independent judgment on corporate strategy, performance, resource use, appointments, and standards of conduct for effective oversight functions.
- g) Disclose any delegation of authority on certain matters to Committees or Management.
- h) Directors must safeguard public assets while ensuring long-term sustainability as trustees of public goods in SOEs.
- i) Avoid conflicts of interest by disclosing potential issues promptly.
- j) Integrate risk management with corporate objectives as part of normal business practice rather than a separate task at set times.
- k) Set company values and standards to meet obligations to shareholder and stakeholders.
- l) Establish internal control systems, especially for risk monitoring and financial controls.
- m) Ensure compliance with laws, regulations, CG Code, and by-laws.
- n) Review compliance reports regularly regarding all applicable laws and rectify non-compliance issues.
- o) Establish adequate technology systems for efficient operations.
- p) Create corporate policies ensuring major investments align with company objectives to enhance value.
- q) Monitor corporate business strategy implementation and overall performance.
- r) Ensure integrity in accounting systems including independent audits.
- s) Identify, monitor, and report on relevant non-financial aspects of the business regularly.

4.5 Role of the Company Secretary

Every company should appoint a Company Secretary as determined by the Board of Directors.

The key functions of the Company Secretary are:

- a) Facilitate efficient administration of Board meetings, including planning, conducting, and record-keeping in compliance with laws and company bylaws.

- b) Ensure general meetings comply with legal standards and bylaws.
- c) Support effective Board administration as liaison between directors and management.
- d) Guide the Board on fulfilling responsibilities in the company's best interests.
- e) Assist and advise the chairperson on corporate governance compliance, report to the Board on adherence to internal rules and regulations.
- f) Aid in reporting corporate governance compliance in Annual Reports and on company websites.
- g) Monitor procedures for regulatory compliance; clarify legal requirements for new board members regarding governance codes.
- h) Ensure timely filing of corporate records (e. g., meeting minutes) as required by law; ensure minutes are signed by present Directors.
- i) Serves as primary contact for institutional shareholder.
- j) Ensures compliance with constitutional, statutory, regulatory requirements, codes of conduct, and rules set by the Board.
- k) Must send quarterly attendance records from Board Meetings to Privatization and Corporatization Board.

5. Board committees

The establishment of Board committees is a fundamental aspect of effective governance, as these committees enable the Board to efficiently address various operational and strategic functions. The Terms of Reference, roles, and functions of each committee shall be meticulously defined by the Board to ensure clarity and alignment with the organization's objectives. The Board may establish committees to facilitate its work, including but not limited to:

5.1 Audit and Risk Committee:

5.2 Remuneration Committee:

5.3 Corporate Governance and Compliance Committee:

6. Board meetings

6.1 Frequency: The Board is required to convene at least once every quarter. To ensure effective participation, the agenda and relevant documents must be distributed to all directors for a minimum of three working days prior to the scheduled meeting. Furthermore, any member of the Board has the right to initiate a meeting at any time; such requests should be communicated directly to the Company Secretary, who will then inform the Chairman of the Board accordingly. It is also permissible for Non-Executive Directors to hold separate meetings without the presence of Executive Directors.

6.2 Quorum: A quorum for Board meetings shall consist of no less than 50% of all Directors. Should an urgent decision arise that necessitates action between scheduled meetings, it may be resolved through a written resolution. Such decisions are deemed valid provided they receive approval from the majority of Directors.

6.3 Voting:

- a) The Chairman shall be duly informed of the individuals eligible to vote.
- b) The Chairman shall seek a consensus in support of the recommendation. If consensus appears unattainable, the Chairman will propose a motion aimed at facilitating agreement among members. Should any Committee member suggest an amendment to this motion, and it receives a second, a vote will follow.
- c) Prior to any motion being proposed by the Chairman, any Committee member may introduce their own motion, provided it is seconded. The process then advances with the Chairman seeking consensus on whether voting should occur via show of hands or through a secret ballot if agreed upon by those present and eligible to vote.
- d) Before initiating any voting process, the specific question or motion under consideration shall be clearly articulated. There should be no interruptions during this period until voting has concluded and results have been announced.
- e) In instances where a committee member moves a motion that gains support through seconding, an immediate vote may not be necessary unless another member proposes an amendment requiring further deliberation. This amendment must also receive seconding before proceeding with votes comparing both the original motion and its

amendment; the outcome will then establish what becomes known as the substantive motion.

- f) Subsequent amendments may still be proposed against this substantive motion but must adhere to similar requirements for seconding and voting.
- g) In cases where votes result in ties or require decisive input from chairman, the Chairman retains authority over casting votes as needed.

6.4 Minutes: In accordance with the established governance protocols, it is essential that the Company Secretary meticulously maintains a comprehensive record of all board meetings. This duty involves the preparation and preservation of minutes, which serve as an official documentation of discussions and decisions made during these sessions. The minutes should include key points addressed, resolutions proposed, and actions agreed upon by the directors.

These minutes shall be distributed to all directors within five working days following each meeting's conclusion. Timely distribution fosters accountability and allows for prompt follow-up on action items discussed during the meetings.

7. Training and development

An induction program must be conducted for the new directors, in accordance with the Board Director's training policy. The chairperson shall ensure that directors consistently update their skills and acquire the necessary knowledge and familiarity with the company to effectively fulfill their roles on both the Board and its committees.

The Board shall actively encourage directors to engage in continuing education programs designed to enhance their knowledge, skills, and competencies pertinent to their roles and responsibilities. Such continuing education may encompass participation in seminars, workshops, conferences, webinars, or courses focusing on corporate governance, financial management, regulatory compliance, industry trends, and emerging issues.

8. Code of Conduct

The Board shall adhere to the Directors Code of Conduct, as well as the Complaints and Actions guidelines for directors of State-Owned Enterprises, as disseminated by the Privatization and Corporatization Board.

9. Conflict of interest

All Board directors must adhere to stringent standards regarding transparency and ethical conduct. Directors are required to disclose any potential conflicts of interest in a full and timely manner, ensuring that all relevant information is made known to the Board.

In instances where a director's impartiality may be compromised, it is their duty to recuse themselves from discussions and decisions pertaining to those matters.

10. Disclosure

The Board is responsible for ensuring that the Company fulfills all disclosure obligations in compliance with applicable laws and regulations. Such disclosures must be timely, accurate, and transparent, thereby equipping stakeholders with pertinent information necessary for informed decision-making.

The Board shall supervise the preparation and dissemination of the Company's financial statements, annual reports, sustainability reports, and any other disclosures mandated by regulatory authorities. Furthermore, the Board shall evaluate the adequacy and effectiveness of the Company's disclosure controls and procedures to ensure adherence to disclosure requirements and standards.

11. Evaluation

In accordance with the Board's Performance Evaluation Policy, a comprehensive assessment shall be conducted annually. This evaluation process will encompass various dimensions of board effectiveness, including individual contributions, collective dynamics, and adherence to established governance standards.

Moreover, it is imperative that the outcomes of this evaluation are transparently communicated. As such, confirmation of the evaluation results shall be included in the Annual Report.

12. Risk management

The Board shall ensure the establishment of a comprehensive risk management framework to effectively identify, assess, and manage the Company's risks. This framework is crucial for protecting the Company's assets and securing its long-term sustainability. The Board must ensure that management implements suitable risk mitigation strategies and controls to manage identified risks within acceptable parameters.

To facilitate effective oversight, the Board shall receive regular reports detailing the Company's risk profile, including information on risk exposures and ongoing risk management activities. This enables the Board to monitor both the current state of risks and evaluate the effectiveness of implemented strategies.

Moreover, it is essential that management remains accountable to the Board for both designing and implementing robust risk management processes. Thorough monitoring by management ensures that any emerging risks are promptly addressed, thereby fostering a proactive approach to risk governance within the organization.

13. Internal control

A fundamental responsibility of the Board is to develop, monitor, and communicate a robust internal control system. This entails establishing appropriate policies that provide reasonable assurance regarding the attainment of control objectives. The Board must rigorously evaluate

management's performance, ensuring that assessments encompass not only financial and operational results but also the successful implementation of board strategies. Furthermore, it is imperative for the Board to establish effective internal controls and risk environments while ensuring accuracy and integrity in financial statements.

To reinforce this commitment, the Board should ensure that an effective mechanism is in place which facilitates and encourages reporting on any deficiencies or breaches in internal controls. This mechanism should also address any unethical or irregular behavior associated with company operations. By fostering a culture of transparency and accountability, the Board can enhance governance practices and safeguard stakeholder interests effectively.

14. Integrated Sustainability reporting

In accordance with its fiduciary responsibilities, the Board shall ensure that the Company prepares and publishes an annual sustainability report. This report is designed to provide comprehensive information regarding the Company's environmental, social, and governance (ESG) performance. It is imperative that this sustainability report discloses relevant ESG metrics, initiatives undertaken, specific goals established, and outcomes achieved over the reporting period.

The inclusion of these elements will not only enhance transparency but also demonstrate the Company's commitment to sustainable business practices. Furthermore, it serves to affirm the importance of stakeholder engagement in driving forward our sustainability agenda. The Board recognizes that maintaining a robust framework for integrated sustainability reporting is essential for fostering trust and accountability among all stakeholders involved with or affected by our operations.

15. Annual review and revision

Any changes to these Terms of Reference shall be submitted and approved by the Board of Directors.

The Terms of Reference shall be reviewed at least once every three years and may be revised as necessary to accommodate changes in the Company's circumstances or align with best practices in corporate governance. The proposed amendments shall be submitted for the Board's approval.
