



**AirAsia X Berhad**  
(Company No. 734161-K)

***Board of Directors***

***Board Charter***

**Members of the Board:**

- (1) Independent Non-Executive Chairman
- (2) Non-Independent Non-Executive Directors
- (3) Independent Non-Executive Directors

## TERMS OF REFERENCE

- Name : **Board of Directors (“Board”) of AirAsia X Berhad (“AAX” or the “Company”)**
- Applicable laws / regulations/guidelines : The Main Market Listing Requirements issued by Bursa Malaysia Securities Berhad (“MMLR”) including but not limited to the Capital Markets and Services Act 2007 (“CMSA”), the Companies Act 1965 (“CA”), the Malaysian Code on Corporate Governance 2012 issued by the Securities Commission (“MCCG”) and the provisions of the Memorandum and Articles of Association of AAX as well as all applicable laws, regulations and guidelines.
- Objectives/Principles : To actively oversee the conduct and direct the management of the business and affairs of AAX towards enhancing business prosperity and corporate accountability with the ultimate objective of realising long term shareholder value and safeguarding the interests of stakeholders.
- Role, Responsibilities and Powers : (a) to review and approve strategies, business plans and significant policies for AAX, its subsidiaries and associated company (“the Group”) and monitor management’s performance in implementing them;
- (b) to set corporate values and clear lines of responsibility and accountability, including governance systems and processes that are communicated throughout the Group;
- (c) to ensure full compliance and to carry out the duties of the Board in accordance with the relevant provisions of the MMLR, the CMSA, the CA and all applicable laws, regulations and guidelines including but not limited to the director’s duties contained in Part V, Division 2 of the CA;
- (d) to oversee the conduct of the Group’s business and ensure that the management of AAX is competent and effective;
- (e) to ensure that there shall be unrestricted access to independent advice or expert advice at AAX’s expense in furtherance of the Board’s duties (whether as a Board or a director in his/her individual capacity);
- (f) to formalise the ethical standards through a code of conduct which will be applicable throughout the Group and ensure the compliance of this code of conduct;
- (g) to ensure that the operations of AAX are conducted prudently, and within the framework of relevant laws and

regulations;

- (h) to establish, approve, review, and monitor AAX's risk appetite and comprehensive risk management policies, processes and infrastructure, and receive regular reports therein;
- (i) to approve delegated authority for expenditure, lending, and other risk exposures;
- (j) to consider emerging issues which may be material to the business and affairs of AAX and ensure that AAX has a proper succession plan for its senior management;
- (k) to keep under review and maintain AAX's capital and liquidity positions as well as ensure that AAX's strategies promote sustainability;
- (l) to review and approve proposals for the allocation of capital and other resources within AAX;
- (m) to review and approve AAX's annual capital and revenue budgets (and any material changes thereto);
- (n) to ensure that the Board has adequate procedures in place to receive reports periodically and/or on a timely basis from AAX's management that would provide the Board with a reasonable basis to make proper judgement on an ongoing basis as to the financial position and business prospects of AAX;
- (o) to approve AAX's annual reports and unaudited periodic financial statements as required by the applicable stock exchange, including but not limited to other published financial statements and material and significant statements issued to shareholders;
- (p) to review the adequacy and integrity of AAX's internal control system and management information systems, including systems for complying with applicable laws, regulations, rules, directives and guidelines;
- (q) to set up an internal audit department staffed with qualified personnel to perform internal audit functions, covering financial and management audit as well as regulatory compliance, that reports directly to the Company's audit committee ("**Audit Committee**");
- (r) to establish procedures to assess any related party transactions or conflict of interest situations that may arise

within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;

- (s) to establish and ensure the effective functioning and monitoring of the Audit, Remuneration and Nomination committees, and any other committees as deemed necessary by the Board, and to delegate appropriate authority and terms of reference to such committees established by the Board;
- (t) to prepare an Audit Committee report at the end of each financial year that will be clearly set out in the annual report of AAX;
- (u) to look at and to address their mind to major and/or material litigation situations against the Group as and when they arise;
- (v) to ensure that AAX has a beneficial influence on the economic well-being of its community;
- (w) to ensure that AAX has in place a policy and/or procedures to enable effective communication with, and appropriate disclosure to, its shareholders and other stakeholders; and that its shareholders have access to information about AAX;
- (x) to receive and consider high level reports on matters material to AAX, in particular:
  - (i) relations with regulatory authorities;
  - (ii) health and safety;
  - (iii) insurance cover;
  - (iv) disaster recovery;
  - (v) litigation and claims;
  - (vi) premises; and
  - (vii) public relations.
- (y) to receive the minutes of and/or reports from the committees established by the Board;
- (z) to review and agree to changes in the terms of reference of AAX's Board and committees established by the Board;

- (aa) to strive to achieve an optimum balance and dynamic mix of competent and diverse skill sets amongst the Board members;
- (bb) to ensure adequate training of members of the Board;
- (cc) to undertake an assessment of the independence of its independent directors annually in accordance with the assessment criteria to be developed by the Nominating Committee.

Members : The Board shall strive to achieve an optimum balance and dynamic mix of competencies and diverse skill sets amongst its Board members.

The appointment of members of the Board shall take place annually at AAX's annual general meeting by rotation in accordance with the Articles of Association of AAX.

All members of the Board shall be required to submit themselves for re-election at regular intervals of not more than three (3) years in accordance with the Company's Articles of Association.

The Board shall comprise of at least two (2) members and (unless otherwise determined by ordinary resolution) not more than twelve (12) members, to be nominated by the Nomination Committee. At least two (2) of the total Board members or 1/3 of the Board (whichever is higher)<sup>1</sup> must be independent and non-executive directors. Where the Chairman of the Board is not an independent director, the Board shall comprise a majority of independent directors. There should not be more than one (1) executive director on the Board.

The executive director shall preferably be the Chief Executive Officer whose responsibilities include, but are not limited to the following:

- (i) to ensure the efficient and effective day-to-day management of AAX with all powers, discretions and delegations authorised by the Board;
- (ii) to establish and implement the strategic direction of AAX as approved by the Board;
- (iii) to make recommendations to the Board relating to the

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<sup>1</sup>Under Section 15.02 of the MMLR, at least 2 directors or 1/3 of the Board (whichever is higher), must be independent directors

business and operations of AAX; and

- (iv) to identify and to ensure all material matters affecting AAX are brought to the attention of the Board.

Each appointed Board member shall hold office until the earlier of (i) such time as the Board determines to terminate his/her appointment or (ii) the Board member ceases to be a member of the Board.

The tenure of an independent director should not exceed a cumulative term of nine years. Upon completion of the nine years, an independent director may continue to serve on the board subject to the director's re-designation as a non-independent director. The board must justify and seek shareholders' approval in the event it intends to retain as an independent director, a person who has served in that capacity for more than nine years.

Chairman : The Chairman of the Board shall be appointed by the Board and may hold any executive office with the Company. However, the position of the Chairman and Chief Executive Officer must be held by different individuals. In the absence of the Chairman and/or an appointed deputy in any meeting, the remaining members present shall elect one of themselves to chair the meeting in accordance with the provisions set out in the Articles of Association of AAX.

The responsibilities of the Chairman include, but are not limited to, the following:

- (i) to oversee the Board in the effective discharge of its role;
- (ii) to monitor the workings of the Board and conduct of the Board meeting;
- (iii) to ensure all relevant issues for the effective running of AAX's business are on the agenda for Board meetings;
- (iv) to ensure that quality information to facilitate decision-making is delivered to Board members on a timely basis;
- (v) to encourage all directors to play an active role in Board activities;
- (vi) to chair general meetings of shareholders; and
- (vii) to liaise with the Chief Executive Officer and Company Secretary on the agenda for Board meetings.

Limit on Directorships : The limit on the number of directorships that may be held at any one time by members of the Board are five (5) for any listed companies including the position on the board of AAX, which requires active involvement as a board member or such other requirements as prescribed or approved by the MMLR.

Quorum : The quorum for meetings shall be two (2) members or fifty percent (50%) of total Board members, whichever is higher including a minimum of one (1) Independent Director. A duly convened meeting of a Board at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretion vested in or exercisable by the Board.

Frequency of meetings : The Board shall meet not less than once every three (3) months. Meetings of the Board shall be called by the Secretary of the Board at the request of the Chairman. Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Board no later than seven (7) calendar days before the date of the meeting. Reasonable time should be given for Board members and to other attendees as appropriate, to consider all relevant papers and materials prior to the Board meeting.

Each member of the Board is entitled to one (1) vote in deciding the matters deliberated in the meeting. The decision that gained the majority votes of the Board shall be the decision of the Board.

In the event of an equality of votes, the Chairman of the Board shall be entitled to a second or casting vote. The Chairman shall not have a casting vote if there are only two (2) Directors (being competent to vote) forming the quorum of a meeting.

Attendance : 50%

Approval of minutes/resolutions : By majority.

The Secretary of the Board shall minute the proceedings and resolutions of all Board meetings, including the names of those present and in attendance.

The minutes of the Board, when approved by the Board should be circulated to all members of the Board.

Directors' Circular Resolutions : A resolution in writing signed by a majority of all Directors shall be valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted. All such resolutions shall be described as "Directors' Circular Resolutions" and shall be forwarded or otherwise delivered to the Company Secretary

without delay and shall be recorded by the Company Secretary in the Company's Minutes Book.

Any such resolution may consist of several documents in the like form, each signed by one (1) or more Directors. A signed Directors' Circular resolution transmitted by facsimile (fax) or any other electronic means shall be deemed to be an original.

Secretary : Company Secretary of AAX.

Continuous Education : The Board shall evaluate the continuous training needs of its members in order to enhance his/her contribution to the Board and to effectively discharge their duties as a Board member.

Each member of the Board shall also ensure that he/she attends such training programs as may be prescribed by the stock exchange from time to time.