

## THE MAYBANK IB BOARD CHARTER

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### 1. INTRODUCTION

The Board acknowledges the importance of developing and maintaining a framework of Corporate Governance that is robust and sound, to promote a culture of integrity and transparency throughout Maybank Investment Bank Berhad (the “Bank” or “Maybank IB” as the context permits). In this regard, all directors are required to maintain the highest standards of transparency, integrity and honesty. This standard serves as the basis for the principles that govern directors’ conduct and their relationship with the Bank’s stakeholders.

This Board Charter outlines among others, the respective roles, responsibilities and authorities of the Board (both individually and collectively) in setting the direction, management and control of the organization.

The Board may from time to time review the contents of this Board Charter in tandem with Maybank Group (“the Group”)’s Corporate Governance Framework to ensure its relevance and effectiveness in the light of the ever changing environment in which the Group operates.

### 2. BOARD MANUAL

The Board has in place a Board Manual (the “Manual”), which acts as guidance to the Board members in discharging their duties effectively. The Manual highlights the guiding principles and matters relating to Board organization, responsibilities and relevant internal policies and procedures, including those mentioned in this Board Charter.

### 3. ROLES AND RESPONSIBILITIES OF THE BOARD

3.1 The business and affairs of the Bank are managed under the direction and oversight of the Board, which also has the responsibility to periodically review and approve the overall strategies, business, organization and significant policies of the Bank. The Board also sets the Bank’s core values and adopts proper standards to ensure that the Bank operates with integrity and complies with the relevant rules and regulations.

#### 3.2 Terms of Reference

The Board has the responsibility to approve and periodically review the overall business strategies and significant policies of the Bank, premised on sustainability and promoting ethical conduct in business dealings, understanding the major risks faced by the Bank, setting acceptable levels of risk taking and ensuring that the Senior Management takes the steps necessary to identify, measure, monitor and control these risks. The Board also approves the organizational structure and ensures that Senior Management is monitoring the effectiveness of the internal control system. Among the primary obligations of the Board are as follows:-

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- (a) To review and approve strategies, business plans and significant policies and monitor management's performance in implementing them.
- (b) To review and approve the annual budget.
- (c) To approve new investments, divestments, mergers and acquisitions, including the establishment of subsidiaries, joint ventures or strategic alliances.
- (d) To approve credit facilities and underwriting of securities under the category of policy loans (other than those delegated to the Credit Underwriting Review Committee (CURC)) as well as director-related facilities.
- (e) To set corporate values and clear lines of responsibilities and accountability that are communicated throughout the organization.
- (f) To obtain external legal or other independent professional advice with relevant experience and expertise if considered necessary.
- (g) To approve comprehensive policies, processes and infrastructure with respect to the management of all risk categories (including but not limited to credit, market, and liquidity, operational, legal and reputational risks).
- (h) To review and ensure the adequacy and integrity of the Company's internal control system and management information system, including systems for compliance with applicable laws, regulations, rules and guidelines.
- (i) To approve and periodically review the risk management capabilities of the Company to ensure that they are able to support the business expansion.
- (j) To approve policies on credit, margin-trading facility, trading limit, underwriting and investment in securities (both equities and fixed income).
- (k) To oversee the conduct of the Bank's business, to evaluate whether the business is effectively managed and to ensure that the operations of the business are conducted within the framework as required by relevant laws and policies.
- (l) To consider and approve the financial statements and interim dividend and recommend the final dividend to shareholders.
- (m) To ensure that the required Anti Money Laundering/Counter Financing of Terrorism ("AML/CFT") measures are in place;
- (n) To set minimum standards and approve the AML/CFT policies, procedures and controls;
- (o) To designate Compliance Officers at Senior Management level with sufficient authority;
- (p) To regularly review and assess the measures adopted and implemented for AML/CFT;
- (q) To ensure regular independent audit of the internal AML/CFT measures to determine their effectiveness and compliance with AMLA; and
- (r) To ensure that proper training programs on AML/CFT practices and measures for its employees are sufficiently and appropriately conducted.

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- (s) To approve the recruitment, appointment, promotion, confirmation and termination of services, as well as the remuneration package, the compensation and benefits policies, the terms and conditions, including the job grade and the review of the CEO and Senior Officers of Maybank IB<sup>i</sup>. The proposed appointment of Senior Officers would be recommended by the CEO, Maybank IB.
- (t) To approve the compensation package and human resource policies pertaining to Management and staff of Maybank IB.
- (u) To approve changes to the corporate organization structure of Maybank IB.
- (v) To approve the succession planning policy and continuously monitor Senior Officers' performance.

### **3.3 Board Oversight Function**

In addition to the roles and responsibilities defined under item 3.2 above, the Maybank Board had formalized the designation of Maybank IB Board as the governing Board for Maybank Investment Banking Group which includes Maybank Investment Bank Berhad and all Maybank Kim Eng entities.

## **4. BOARD COMPOSITION**

The influence of the nominees for the major shareholder of Maybank IB is balanced by the presence of the independent non-common directors on the Board (who form the majority members of the Board) whose collective views carry significant weight in the Board's deliberation and decision-making process. Other salient factors which have been taken into account in determining the Board's composition are as follows:-

### **4.1 Board Size**

According to Maybank IB's Articles of Association, the number of directors including a Managing Director shall not be less than five (5) nor more than fourteen (14) but in the event of any casual vacancy occurring and reducing the number of directors below the aforesaid minimum, the continuing directors may act for the purpose of filling up such vacancy or vacancies of summoning a general meeting of the Company.

### **4.2 Independent Director**

Majority of the membership of the Board shall be Independent Non-Executive directors.

### **4.3 Executive Director**

The Bank shall not have more than one Executive director on the Board.

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### 4.4 The Chairman

The Chairman must be a Non-Executive director.

### 4.5 Vice Chairman

The Board may appoint from among its members, a Vice Chairman and determine his roles and responsibilities.

### 4.6 Senior Independent Director

The Board may appoint a Senior Independent director, to whom concerns of shareholders and stakeholders may be conveyed.

### 4.7 Common Directors

To ensure that group interests are appropriately balanced against the fiduciary and statutory duties that directors owe towards each legal entity they serve, directors who are board members of a financial institution and its affiliates must remain in the minority of the financial institution's board.

## 5. SEPARATION OF ROLES AND RESPONSIBILITIES BETWEEN THE CHAIRMAN AND CEO

The roles and responsibilities of the Chairman and the Chief Executive Officer ("CEO") are separated with a clear division of responsibilities, defined, documented and approved by the Board, in line with best practices so as to ensure appropriate supervision of the Management. This distinction allows for a better understanding and distribution of responsibilities and accountabilities. The respective roles of the Chairman and the CEO are set out below:-

### 5.1 The Role of the Chairman

The Chairman leads the Board and is also responsible for the effective performance of the Board. Working together with the Board, the Chairman ensures amongst others that:-

- (a) The Group's policy framework and strategies are aligned with the business activities driven by the Management and is consistent with the Bank's objectives and aspirations;
- (b) The proceedings of the Board are conducted in an orderly manner, where healthy debate on issues being deliberated is encouraged to reflect an appropriate level of scepticism and independence;

- (c) The succession planning programme for the Board and senior management are at the appropriate level of effectiveness; and
- (d) The Board's decisions are reached by consensus (and failing this, reflect the will of the majority), and any concern or dissenting view expressed by any director on any matter deliberated at meetings of the Board, or any of its Committees, as well as the meetings' decisions, will accordingly be addressed and duly recorded in the relevant minutes of the meeting.

The Chairman also cultivates a healthy working relationship with the CEO and provides the necessary support and advice as appropriate.

## 5.2 The Role of the CEO

The roles and responsibilities of the Chairman and the CEO are separated with a clear division of responsibilities, defined, documented and approved by the Board, in line with best practices so as to ensure appropriate supervision of the Management. This distinction allows for a better understanding and distribution of jurisdictional responsibilities and accountabilities. The clear hierarchical structure with its focused approach and attendant authority limits also facilitates efficiency and expedites informed decision-making.

The CEO of Maybank IB is primarily responsible for: -

- (a) overseeing the day-to-day operations to ensure the smooth and effective running of the Bank and MKE Group;
- (b) mapping the medium to longer term plans, and implementing the policies and decisions of the Board;
- (c) coordinating the development and implementation of business and corporate strategies, specifically by making sure that they are carried through to their desired outcomes especially in the institution of remedial measures to address identified shortcomings;
- (d) developing and translating the strategies into a set of manageable goals and priorities, and setting the overall strategic policy and direction of the business operations, investment and other activities based on effective risk management controls;
- (e) ensuring that the financial management practice is carried out at the highest level of integrity and transparency for the benefit of the shareholders; and
- (f) ensuring that the business and affairs of the Bank are carried out in an ethical manner and in full compliance with the relevant laws and regulations.

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His other responsibilities include ensuring that whilst the ultimate objective is maximising shareholders' return, the social and environmental factors are not being neglected, and also developing and maintaining strong communication programmes and dialogues with all relevant stakeholders of the Bank, and providing the effective leadership to the organisation.

He is also responsible for ensuring management competency including the emplacement of an effective succession plan to sustain continuity.

The CEO, by virtue of his position, also functions as the intermediary between the Board and senior management.

### 6. SENIOR INDEPENDENT DIRECTOR

Further to the clear separation of the role and duties between the Chairman and the CEO, a Senior Independent Director ("SID") is appointed from among the Independent Non-Executive directors, to whom concerns of shareholders and stakeholders may be conveyed.

The SID may also:-

- 6.1 preside at all meetings of the Board at which the Chairman or Vice-Chairman (if the SID is not the Vice Chairman) is not present;
- 6.2 serve as a liaison between the Chairman and the Independent directors; and
- 6.3 call for meetings of the Independent directors.

In this respect, Maybank IB Board had agreed to appoint a Senior Independent Director at the Maybank Board to act as SID on Group basis and the necessary reporting to be made to the Maybank IB Board from time to time.

### 7. BOARD APPOINTMENTS

A formal and transparent procedure is in place for the appointment of new directors to the Board, the primary responsibility of which has been delegated to Maybank Group's Nomination and Remuneration Committee ("NRC"). In the course of its duties, the NRC is guided by the Group's Policy on the Nomination Process for the Appointment of Chairman, Director and CEO of Licensed Institutions in the Group (Policy on Nomination Process) which sets out a clear and transparent nomination process of the same, involving the following five stages:-



## 8. LIMITS ON EXTERNAL COMMITMENTS

### 8.1 Limitation for Directors

Directors are not allowed to sit on the boards of more than five (5) listed companies and must hold less than fifteen (15) directorships in non-public listed companies, to ensure that their commitment, resources and time are more focused, enabling them to discharge their duties effectively.

### 8.2 Consultation Prior to External Appointments

The Board values the experience and perspective that the Non-Executive directors gain from service on the boards of other companies, organisations or associations. However, prior to the acceptance of any relevant external appointments such as directorship of listed companies, organisations or other associations, Non-Executive directors should first consult with the Chairman on such proposed appointment. In any event, such commitments should not:-

- (a) cause a conflict of interest for the director;
- (b) affect the director's independence;
- (c) have potential reputational consequence to the Bank; and/or
- (d) place demands on the director's time that could hinder their ability to attend board meetings and discharge their responsibilities to the Company.

### 8.3 Limitation for CEO

In addition to the maximum number of five (5) directorships that the CEO is allowed to hold within the Group, Bank Negara Malaysia (“BNM”) has further issued guidelines regulating the number of directorships held by the CEO outside of the Bank, whereby the CEO is only allowed to be a director of certain institutions/organization which BNM has earlier identified. Considering the role of the CEO as a “brand agent” of the Bank where his involvement in various important institutions indirectly enhances the Bank’s profile both locally and globally, the Board has agreed that the CEO’s membership in such institutions/organisations should be limited to fifteen (15) organisations.

The CEO must not be a member of any of the Maybank IB’s board committees except for the Board nomination committee (if any).

In respect of the directorships by the CEO in companies which are not within the Maybank Group, specific approval from BNM would have to be obtained.

## 9. POLICY ON TENURE OF DIRECTORSHIP

9.1 The appointment of members on the Board, as well as their tenure as a director, are subject to the approval of BNM (the “Approved Tenure”). Subject to the Board’s annual evaluation of a member whose Approved Tenure is about to expire, and upon due consideration of the Group’s own policy on the tenure of directorship as described below, the Bank may apply to BNM for an extension of the said Approved Tenure, so that such director may continue to remain as a member of the Board.

9.2 Generally, the Group’s Policy on the Tenure of Directorship limits the tenure of all Non-Executive directors in the following manner:-

- (a) upon completion of a twelve (12) year period; and/or
- (b) upon reaching the age of seventy (70) years;

whichever is the earlier.

9.3 Notwithstanding the limitation as mentioned above:-

- (a) In the case of para. 9.2(a), the Board shall continue to have the discretion to request the affected director to nevertheless remain serving the Board in appropriate cases; and

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- (b) In the case of para. 9.2(b), the Board may recommend for the shareholders to approve (with strong justifications provided), that the affected director (notwithstanding his age) remain on the Board until the next Annual General Meeting of the Bank.
  
- 9.4 With regard to Independent directors in particular, the limitation on tenure of directorships is upon completion of a cumulative period of nine (9) years.
  
- 9.5 In the case of para. 9.4, the Board has the following options:-
  - (a) To re-designate the affected director as a Non-Independent Non-Executive director from the ninth (9<sup>th</sup>) year onwards; or
  - (b) To recommend for the shareholders to approve (with strong justifications provided), that the affected director continues being designated as an Independent director and as such, remain on the Board.
  
- 9.6 Further to this, the Bank's Articles of Association states the following:-
  - (a) In every year, one-third of the directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office and who has been longest in office since their last election, shall retire at the next following Annual General Meeting of Maybank IB; and
  - (b) A director who has been appointed by the Board during the year shall only hold office until the next Annual General Meeting of the Bank.

Directors retiring or stepping down under both limbs (a) and (b) above, shall however be eligible for re-/election by the shareholders at the Annual General Meeting of the Bank.

## 10. SUCCESSION PLAN

Appointments to the Board are not considered in isolation but as a component of the Board's succession plan. In this context, the limitations on age and tenure of directorship as described in paragraph 9 above provides the Board with the opportunity to consider and reassess its succession plan periodically, not only to ensure continuity in meeting its long term goals and objectives but also to affirm that the knowledge, experience and skill sets of its members would be well suited to meet the demands of the ever changing landscape of the financial industry.

In furtherance thereof, the curriculum vitae of prospective candidates would from time to time, be discreetly obtained from various internal and external sources (including institutions which maintain salient details on directors with financial industry background) for further review by the Maybank Group NRC and the Board, to ensure that the Board has a steady pool of talent to choose from whenever there is a need to appoint additional members on the Board or otherwise, to replace a member who intends to retire or resign from the Board.

## **11. BOARD PROCESSES**

### **11.1 Frequency of Meetings**

The Board meets at least once every month. This consists of twelve (12) regular meetings in a calendar year, including four (4) Board meetings for the tabling (and approval) of quarterly financial results. This include the Budget/Business Plan sessions (three (3) in total, per annum), or additional meetings convened as and when urgent issues and important decisions are required to be taken between the scheduled meetings.

Directors must attend at least 75% of Board meetings held in the financial year.

### **11.2 Quality of Meeting Materials**

Board Meetings for the ensuing financial year are scheduled in advance before the end of the financial year, so as to allow members of the Board to plan ahead and fit the coming years' Board and Board Committees meetings into their respective schedules.

The Chairman, with the assistance of the Company Secretary, takes responsibility for ensuring that the members of the Board receive accurate, timely and clear information in respect of the Bank's financial and operational performance to enable the Board to make sound decision and provide the necessary advice.

Prior to each Board meeting, an agenda together with comprehensive reports/papers for each agenda item to be discussed will be forwarded to each director at least five (5) clear days before the scheduled meeting to enable the directors to obtain further clarification or explanation, where necessary, in order to be adequately apprised before the meeting.

In response to technological advancement in the digital space, the Board has taken the initiative to implement paperless board meeting where board papers are uploaded onto a secured platform, and is accessible via tablet devices.

**11.3 Board Satisfaction Index**

Performed every year, the Board Satisfaction Index is a mechanism used to ensure continuing adequate support is provided by the Company Secretary to the Board, to assist directors in discharging their duties effectively. The areas of assessment cover transactional and operational efficiency, which includes the quality of the minutes of the Board and Board Committees, of papers and meeting arrangements, and of training and knowledge management, as well as advisory services on matters concerning directors' duties, such as disclosure of interests and trading restrictions.

**11.4 Minutes of Meetings**

The directors (through the Company Secretary) shall cause minutes to be duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the Board. The minutes of meetings shall accurately record decisions taken and the views of individual Board Members, where appropriate. Such minutes shall be signed by the Chairman of the meeting at which the proceedings were held.

**11.5 Quorum and Voting**

Pursuant to the Bank's Articles of Association, the quorum shall be four (4) members or 50% of the total board members (whichever is higher) must be present at the Board meeting to form a quorum. Questions arising at any meeting of the directors shall be decided by a majority of votes. In case of an equality of votes, the Chairman shall have a second or casting vote.

The Articles of Association also provide for members to attend a Board meeting via conference telephone, video, electronic or such other communication facilities which allows all persons participating in the meeting to communicate with each other simultaneously and instantaneously.

**11.6 Board Time Without Management**

In line with best practices of other companies, at the end of each Board meeting, a Board session without the Management is held. The purpose is to enable the Chairman to engage with the CEO on issues that they would prefer to raise without the presence of CEO as well as a round-up session on the just concluded Board meeting.

Further to the session, the Chairman may follow up with the CEO on issues raised by the Board, such as:-

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- (a) matters that require the CEO follow-up e.g. business, and relationship or people issues;
- (b) matters concerning procedural points which requires improvements that the Company Secretary needs to work on; and/or
- (c) how the Chairman can better conduct future meetings.

### 11.7 Board Annual Outline

The Board Annual Outline highlights to the Board, the relevant Board Committees as well as the Management, the subject matters to be discussed for the year in order to facilitate better planning and for greater time effectiveness. The subject matters included in the Board Annual Outline cover the following broad topics:-

- (a) Strategy
- (b) Governance
- (c) Risk Management

The Annual Board Outline will be reviewed at every Board meeting and updated, where appropriate.

## 12. BOARD COMMITTEES

Certain functions of the Board are delegated to Board Committees, which comprise members of the Board and operate within clearly defined terms of references primarily to assist the Board in the execution of its duties and responsibilities. The following is a brief description of the Board Committees established by the Board:-

- 12.1 Nomination & Remuneration Committee (NRC) ( Maybank IB does not have its own NRC and leverages on Maybank Group NRC) - To recommend to the Board, the appointment of new members on the Board and Board Committees including the conduct of annual evaluation of their performance/skill sets, both individually and collectively, as well as to evaluate recommendations for promotion and remuneration and compensation policies for executives in key management positions.
- 12.2 Audit Committee of the Board - Review the adequacy of the internal audit scope and plan, functions and resources.

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| 12.3 | Risk Management Committee            | - | To review and approve risk management strategies, risk frameworks, risk policies, risk tolerance and risk appetite limits. |
| 12.4 | Credit Underwriting Review Committee | - | To review/veto loans exceeding the Management Credit Committee's discretionary power.                                      |

### 13. CONTINUING BOARD PROCESSES

The following are among the processes performed by the Board on a periodic basis:-

#### 13.1 Induction Programme for New Directors

Maybank IB has established a comprehensive induction programme to ease new directors into their new role and to assist them in their understanding of the management and operations of the company. New directors would be required to attend the programme as soon as possible after they have been appointed. Typically undertaken within a period of two days, the programme includes intensive sessions with Senior Management wherein the new directors would be briefed and brought up to speed on the challenges and issues faced by Maybank IB .

#### 13.2 Board Evaluation & Assessment

The Board follows a formal and transparent process to assess the effectiveness of individual directors, the Board as a whole and its committees, as well as the performance of the CEO and the Senior Management (based on their respective Balanced Scorecard and other contributions) pursuant to the Board and Peer Annual Assessment exercise. This is undertaken upon the completion of every financial year.

#### 13.3 Remuneration

The Maybank Group has established a Remuneration Framework for all Non-Executive directors, encompassing the recommended remuneration structure for all Non-Executive directors of the Group, as well as its subsidiaries. The Remuneration Framework is subject to review by the Board once every three years.

The Remuneration Framework is intended to pursue the following key objectives:-

- (a) To enable the Board to attract highly competent and qualified talents at regional and international level to serve the Board as it continues its journey towards becoming a regional financial services leader;

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- (b) To align with the expertise, skills, work experience, increase in risks and responsibilities as well as time contributed by different directors at the same time integrating the diverse geographical locations where the Group operates to ensure a different remuneration mechanism that is competitive with its regional peers towards becoming a truly regional bank; and
- (c) To ensure that the cost of governance is appropriately linked to the company's performance (such as in terms of size of revenue).

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<sup>i</sup> Senior Officers of Maybank IB refers to Members of IB Group EXCO, MKE Chief Financial Officer, MKE Chief Risk Officer, Regional Head, Compliance and Head, Group Audit, Investment Banking Division. The is in line with the scope of Group NRC under its revised TOR