

## **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 of Maybank IB should have a Terms of Reference (“TOR”) which defines their collective roles, responsibilities, duties and obligations as members of the Board.

The TOR of the Board of Maybank IB sets out the following: -

### **3.2.1 Business Direction**

- (i) To review and approve strategies, business plans and significant policies and monitor management's performance in implementing them.
- (ii) To ensure the Maybank IB Strategy Plan supports long term value creation and include strategies on Environmental Social and Governance ("ESG") consideration, underpinning including the corresponding opportunities and ESG related risks.
- (iii) To review and approve the annual budget.
- (iv) To approve new investments, divestments, mergers and acquisitions, including the establishment of subsidiaries, joint ventures or strategic alliances.
- (v) To approve credit facilities and underwriting of securities under the category of policy loans (other than those delegated to Credit & Underwriting Review Committee ("CURC") and director-related facilities.
- (vi) To set corporate values and clear lines of responsibilities and accountability that are communicated throughout the organization.
- (vii) To obtain external legal or other independent professional advice with relevant experience and expertise if it is considered necessary.

### **3.2.2 Risk Management, Compliance and Internal Control**

- (i) To approve comprehensive policies, processes and infrastructure with respect to the management of all risk categories (including but not limited to credit, market, liquidity, operational, legal and reputation risks).
- (ii) 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.
- (iii) To approve and periodically review the risk management capabilities of the Company to ensure that they are able to support the business and planned expansion.
- (iv) To approve policies on credit, margin-trading facility, trading limit, underwriting and investment in securities (both equities and fixed income).

- (v) 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.
- (vi) To consider and approve the financial statements and interim dividend and recommend the final dividend to shareholders.
- (vii) To promote Shariah Compliance in respect of the Islamic business of Maybank IB, including to perform oversight role over the effectiveness functioning of Maybank IB's Shariah governance framework.

### **3.2.3 Responsibilities in Relation to Anti-Money Laundering, Anti-Terrorism Financing Proceeds of Unlawful Activities Act 2001 ("AMLA")**

- (i) To ensure that the required Anti Money Laundering/Counter Financing of Terrorism ("AML/CFT") measures are in place.
- (ii) To set minimum standards and approve the AML/CFT policies, procedures and controls.
- (iii) To designate Compliance Officers at Senior Management level with sufficient authority.
- (iv) To regularly review and assess the measures adopted and implemented for AML/CFT.
- (v) To ensure regular independent audit of the internal AML/CFT measures to determine their effectiveness and compliance with AMLA.
- (vi) To ensure that proper training programs on AML/CFT practices and measures for its employees are sufficiently and appropriately conducted.

### **3.2.4 Management Appointment, Compensation and Structure**

- (i) 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 Chief Executive Officer ("CEO") and Senior Officers of Maybank IB. The proposed appointment of Senior Officers would be recommended by the CEO, Maybank IB.
- (ii) To approve compensation package and human resource policies pertaining to Management and staff of Maybank IB.
- (iii) To approve changes to the corporate organization structure of Maybank IB.

- (iv) To approve succession planning policy and continuously monitor Senior Officer's performance.

### **3.2.5 Board Membership and Board Committees**

- (i) To approve Directors' emoluments and benefits for the Non-Executive Directors ("NED") of Maybank IB.
- (ii) To appoint Committees of the Board and to delegate any of its powers to such Committees, as they shall from time to time think fit. However, the Board remains responsible for the decisions of the Committee.
- (iii) To ensure effective functioning of various board committees.
- (iv) To evaluate annually the effectiveness of the Board as a whole.
- (v) To set the parameters for the Audit Committee of the Board to approve non-audit services to be provided by the External Auditors.

### **3.2.6 Corporate Governance**

- (i) To ensure sound and prudent policies and practices of Maybank IB by providing effective check and balance.
- (ii) To establish policies and procedure to avoid self-serving practices and conflict of interest including dealings of any form with related entities.
- (iii) To promote timely and effective communications between Bank Negara Malaysia ("BNM") and the Bank on matters affecting or that may affect the safety and soundness of the Bank.

### **3.2.7 Internal Audit**

- (i) To ensure that there is a reliable and transparent financial reporting process within the Bank.
- (ii) To establish an effective internal audit department, staffed with qualified internal audit personnel to perform internal audit functions, covering the financial and management audit.

### **3.2.8 Administration**

- (i) To approve the appointment/revocation of Attorneys for Maybank IB.

- (ii) To approve the opening/closing of banking accounts and the signatories to operate the accounts.

### 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 (“Maybank IBG or MIBG”) which includes Maybank IB and all MIBG 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

Each Board of the Group is to determine its own ideal size guided by the principles and upon due consideration of the size, breadth and complexity of their business activities, domestically as well as internationally.

In this regard, the Board of Maybank IB has determined that its ideal size should number between five (5) to fourteen (14) members. Besides the need to comply with existing rules and regulations on board composition, the Board of Maybank IB believe that such a size would promote effective deliberation, encourage active participation by all the Directors and allows the work of its various Board Committees be discharged without giving rise to an over-extension of time and commitment of each Director who may be required to serve on multiple Board Committees.

### 4.2 Independent Director

Majority of the membership of the Board shall be Independent Non-Executive Directors (“INED”).

### 4.3 Executive Director

Maybank IB has only one (1) Executive Director (“ED”). Having said this, BNM may allow the appointment of more than one (1) ED on the Board of Malaysian FI is if<sup>1</sup>:-

- (a) the Chairman is an INED; and
- (b) if BNM is satisfied that the additional appointment will not compromise board effectiveness, having regard to: -
  - (i) the extent of his involvement in making or implementing management decisions that are subject to the Board’s oversight;
  - (ii) the degree to which his incentives are influenced by the performance of the Bank;
  - (iii) the effectiveness of the NEDs in providing a counterbalance to the collective influence of executives on the Board; and
  - (iv) the significance and uniqueness of the contribution that the candidate is expected to bring to the Board.

In the case where more than one ED is proposed to be appointed on the Board of the Group, the representation of EDs on the Board must not reduce its ability to objectively scrutinise the proposals and performance of the Senior Management.

### 4.4 The Chairman

The Chairman of Malaysian FIs must be a Non-Executive Director who has not served as the CEO in the past five (5) years<sup>2</sup>.

### 4.5 Senior Independent Director

A Senior Independent Director (“SID”) is appointed from among the INEDs of Maybank IB to be responsible in addressing concerns of shareholders and stakeholders. The SID may also perform the following roles: -

- (i) 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;
- (ii) serve as a liaison between the Chairman and the Independent Directors; and
- (iii) have the authority to call meetings of the Independent Directors.

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<sup>1</sup> Per Para 11.4 of the BNM CG Policy

<sup>2</sup> Per Para. 11.3 of the BNM CG Policy

### 4.6 Director In Charge of Whistleblowing<sup>3</sup>

The Chair of Audit Committee of the Board shall be the Non-Executive Director in charge of the effective implementation of Maybank IB Whistleblowing Policy.

### 4.7 Common Directors

While common directors on the Board of a financial institution and its affiliates can contribute to group oversight and alignment, inordinate overlaps in board membership can raise conflicts, particularly where issues affect the financial institution and its affiliates in different ways. 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 if:

- (a) one entity is a licensed insurer and the other is a licensed takaful operator;
- (b) one entity is a licensed bank or licensed investment bank, and the other is a licensed Islamic bank;
- (c) the affiliate is a holding company or subsidiary of the financial institution that is itself a financial institution; or
- (d) there are strong operational dependencies (operational dependencies are heightened where the relevant institutions operate under centralised or shared services arrangements, particularly in respect of control functions) between the financial institution and the affiliate.

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<sup>3</sup> Per Para 18.2(d) of the BNM CG Policy

### 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 role of the Chairman of Maybank IB includes the following<sup>4</sup>:-

- (a) to ensure that appropriate procedures are in place to govern the Board’s operations and functions and that decisions are taken on a sound and well-informed basis, by ensuring that all strategic and critical issues are considered by the Board, and that Directors receive the relevant information on a timely basis;
- (b) to encourage healthy debates on issues being deliberated to reflect an appropriate level of skepticism and independence;
- (c) to ensure that where necessary each resolution of the Board is put to a vote to ensure that the decision is made collectively and reflects the will of the majority;
- (d) to take the lead in ensuring the appropriateness and effectiveness of the succession planning programme for the Board and Senior Management;
- (e) to maintain a healthy working relationship with the CEO and provide the necessary support and advice as appropriate;
- (f) to demonstrate the highest standards of corporate governance practices and ensures that these practices are regularly communicated to the stakeholders; and
- (g) to lead efforts to address the Board’s developmental needs.

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

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<sup>4</sup> Per Para 9.1 of the BNM CG Policy



### 5.2 The Role of the CEO

The CEOs of Maybank IB must lead their respective Senior Management team and bears primary responsibility of day-to-day management. Together with Senior Management, his responsibilities should include<sup>5</sup>:-

- (a) implementing the business and risk strategies, remuneration and other policies in accordance with the direction given by the Board;
- (b) establishing a management structure that promotes accountability and transparency throughout the Maybank IB's operations, and preserves the effectiveness and independence of control functions;
- (c) promoting, together with the Board, a sound corporate culture which reinforces ethical, prudent and professional behaviour;
- (d) addressing actual or suspected breaches of regulatory requirements or internal policies in a timely and appropriate manner; and
- (e) regularly updating the Board with the material information the Board needs to carry out its oversight responsibilities, particularly on matters relating to:-
  - (i) the performance, financial condition and operating environment;
  - (ii) internal control failures, including breaches of risk limits; and
  - (iii) legal and regulatory obligations, including supervisory concerns and the remedial actions taken to address them.

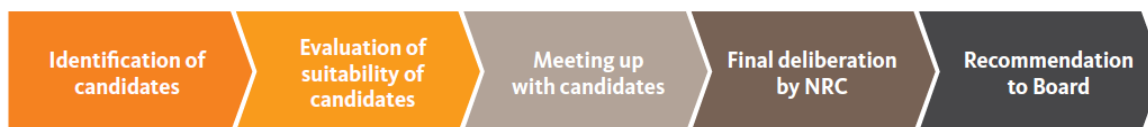
## 6. BOARD APPOINTMENTS

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 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 Maybank Group (Policy on Nomination Process) which sets out a clear and transparent nomination process of the same, involving the following five stages: -

- (i) Stage 1 - Identification of candidates
- (ii) Stage 2 - Evaluation of candidates
- (iii) Stage 3 - Engagement with candidates
- (iv) Stage 4 - Deliberation by the NRC
- (v) Stage 5 - Recommendation to the Board

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<sup>4</sup> PerPara 9.1 of the BNM CG Policy



## 7. LIMITS ON EXTERNAL COMMITMENTS

### 7.1 Limitation on Directorships Held By 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.

### 7.2 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 be Material factors to be considered during such consultation includes whether the proposed appointment may: -

- (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.

### 7.3 Limitation for CEO

All CEOs must devote the whole of his professional time to the service of the Group. The Boards may allow a CEO to assume a position of responsibility outside the Group if the Board is satisfied that the proposed position does not: -

- (a) create substantial conflicts of interest or demands on the CEO's professional time; and

(b) result in the CEO holding directorships in more than five entities other than the Group.

In the case of the CEO and the respective CEOs of Local Subsidiary FIs in particular, such external commitments must also be approved by BNM, prior to them assuming such positions<sup>6</sup>.

Apart from the above, Maybank acknowledges that the CEOs of the Group could be a “brand agent” of the Bank, whereby his appointment in various important institutions may indirectly enhance the Bank’s profile i.e. there is a strategic need for the CEO to be involved in such institutions locally and globally. To allow for such appointments, Maybank limits the number of appointments on such institutions to fifteen.<sup>7</sup>

### 8. POLICY ON TENURE OF DIRECTORSHIP

8.1 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.

#### 8.2 **Non-Executive Directors**

The tenure of all Non-Executive Directors (“NED”) on the Board are subject to periodic evaluation and assessment of the Nomination and Remuneration Committee (the “NRC”) and the final decision of the Board. In respect of the tenure approved by BNM for all NEDs (“BNM Approved Tenure”), the Board upon due consideration of the NRC’s recommendation, shall have the discretion to either seek BNM’s approval for a further extension of an NED’s BNM Approved Tenure or to request for the latter to step down upon the expiry of the same, or at an earlier date, as deemed appropriate.

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<sup>6</sup> Paragraph 17.4 of the BNM CG Policy, Section 55(3) of the FSA and Section 64(3) of the IFSA

<sup>7</sup> BNM’s approval is not required for a CEO of Malaysian FIs to hold a non-executive position in a professional body, industry association, statutory body, charitable body or other non-commercial public-interest entity, unless it specifies otherwise.

### 8.3 Independent Non-Executive Directors

The tenure of INED in particular is limited to upon completion of a cumulative period of nine (9) years commencing from the date on which he was first appointed as a Board member (“9-Year Tenure”).

Upon completion of the 9-Year Tenure, an INED may subject to the NRC’s recommendation and Board approval, continue to serve the Board provided that he is re-designated to a Non-Independent *Non-Executive Director upon completion of his 9-Year Tenure on the Board*.

### 8.4 Further to this, the Bank’s Constitution 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 (“AGM”) of Maybank IB<sup>8</sup>; and
- (b) A director who has been appointed by the Board during the year shall only hold office until the next AGM of the Bank<sup>9</sup>.

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

## 9. 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

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<sup>8</sup> Article 96 of the Constitution

<sup>9</sup> Article 100 of the Constitution

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.

### 10. BOARD PROCESSES

#### 10.1 Frequency of Meetings

Board meetings at Maybank IB are typically held twelve (12) times in a calendar year. From time to time, unscheduled meetings may also be convened, whenever urgent issues are required to be deliberated and/or decided upon in between scheduled meetings. Board Meetings are also scheduled in advance before the end of each financial year (“Meeting Calendar”), so as to allow members to plan ahead and accommodate the coming year’s Board and Board Committees meetings into their respective schedules.

In line with BNM’s expectations, all Directors of Malaysian FIs:-

- (a) must attend **at least 75%** of the Board meetings held in each financial year as mandated under the BNM CG Policy and must not appoint another person to attend or participate in a board meeting on his behalf<sup>10</sup>;
- (b) are expected to devote sufficient time to prepare for and attend Board meetings<sup>11</sup>; and
- (c) are expected to participate fully, openly and constructively in Board discussions and activities and to bring the benefit of their particular knowledge, skills and abilities to the Board deliberations.

Alternative modes of attending meetings leveraging on technology are allowed to ensure that all Directors are able to participate in meetings even when they are unable to be physically present. However, participation via these alternative modes of attendance should remain an exception rather than the norm<sup>12</sup>. If a Director cannot be physically present to attend meetings and wishes to participate via the alternative forms of attendance, he should ensure appropriate safeguards are in place to preserve the confidentiality of deliberations, including:-

- (a) Securing a private and safe room/location in which to participate in meetings and making sure that there is no other persons within the vicinity of the room/location who could overhear discussions during the meeting;

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<sup>10</sup> Per Para. 9.3 of BNM CG Policy

<sup>11</sup> Per Para. 9.2 of BNM CG Policy

<sup>12</sup> Per Para 9.4 of BNM CG Policy

- (b) Ensuring that the telephone or video conferencing line used is one that has been authorised by the Bank; and
- (c) Ensuring that all board meeting reference materials that the Director has in his possession vide electronic device is password protected and hardcopies of the same are properly kept in a folder and (after the meeting) stored *in a secured place where access to the same is limited to only the said Director.*

The Board should also keep abreast of outstanding matters discussed at previous meetings by maintaining a list of matters arising from previous discussions, and ensure that those matters are eventually addressed and resolved.

External consultants or advisors may also be invited to brief or provide advice on complex issues, to assist Directors to deliberate and decide on such matters.

### 10.2 Quality of Meeting Materials

The Chairman takes responsibility for ensuring that the members receive relevant, accurate, and clear information on a timely basis in respect of the Maybank IB's financial and operational performance to enable the Board to make sound decision and provide the necessary advice. In this connection, the Company Secretary will assist the Chairman to ensure that the process of disseminating the information is effective and reliable. Furthermore, in order to provide for adequate and thorough discussion of the respective matters within a reasonable and sufficient time, the Chairman would decide on the agenda and accordingly structure and prioritise the respective matters based on their relevancy and importance.

Prior to each Board meeting, an agenda together with reports/papers and other board meeting reference materials 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. However, papers which are deemed urgent may still be submitted to the Company Secretary after the expiry of such deadline of submission of papers to be tabled to the Board, subject to the approval of the Chairman. As for highly confidential and sensitive issues to be discussed at the Board meeting, written materials would only be distributed to Directors upon request by the Directors, in consultation with the Chairman and/or the CEO.

The standardised format of meeting papers includes the following:-

- (a) Action required for Board's consideration - whether to approve, to provide input or merely to note;
- (b) The background, summary or rationale - the reason or the need for the paper to be submitted to the Board;
- (c) The proposal and way forward - includes key milestones and targeted completion date, where applicable;
- (d) Conclusion and recommendation for the Board's consideration - the conclusion of what is required from the Board; and
- (e) Identification of the parties who prepared and reviewed the report/paper.

### 10.3 Board Satisfaction Index

A Board Satisfaction Index has also been developed by the Board of Maybank IB in an effort to ensure continuing adequate support is provided to the Board to assist directors in discharging their duties effectively.

The areas of assessment cover transactional and operational efficiency, which includes Board and Board Committee minutes, papers and meeting arrangements, and training and knowledge management, as well as advisory services on matters concerning directors' duties, such as on disclosure of interests and prohibition against trading. *The rating assigned is from 5 (Very Satisfied) being the highest rating to 1 (Completely Dissatisfied).*

Directors have the opportunity to provide feedback on the quality and quantity of *meeting papers as part of the annual assessment of the Board's current meeting practices.*

### 10.4 Minutes of Meetings

The Board must ensure that clear and accurate minutes of board meetings are maintained to record the decisions of the Board, including the key deliberations, rationale for each decision made, any significant concerns or dissenting views. The minutes must also indicate whether there are any Directors who has abstained or has excused himself/herself from deliberating on a particular matter<sup>13</sup>.

In accordance with the expectations of BNM and the practice at Maybank IB, the minutes of meeting of the Board and various Board Committees incorporate the discussions of the

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<sup>13</sup> Per Para. 9.6 of BNM CG Policy

members at the meetings in arriving at decisions, and are always intended to be comprehensive and accurate.

Upon conclusion of Board meetings, the minutes of Board meetings must be circulated to the Board members on a timely basis for their perusal prior to confirmation of the minutes at the following Board meeting. A Director may request for clarification or raise comments on the minutes prior to the confirmation of the minutes. Such minutes shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated.

All resolutions and minutes of the proceedings of the Board and Board Committee meetings are kept at the registered office of the Company<sup>14</sup>.

### 10.5 Quorum and Voting

Pursuant to Maybank IB's Constitution<sup>15</sup>, the quorum necessary for transaction of the business of the directors shall be four (4) members or 50% of total board members (whichever is higher) must be present at the Board meeting. Questions rising 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<sup>16</sup>.

The Constitution 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.

Board discussions should be open and constructive; recognising that genuinely held differences of opinion could, in circumstances, bring greater clarity and lead to better decisions. The Chairman will always ensure that the Board's decisions are based on consensus of the majority, and any concerns or dissenting views expressed by any Director on any matter deliberated at meetings of the Board or any of its Committees as well as the meeting's decision, will accordingly be recorded in the relevant minutes of meetings.

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<sup>14</sup> Per Section 47 of the CA

<sup>15</sup> Article 118 of the Constitution, Para 9.5 of the BNM CG Policy

<sup>16</sup> Article 123 of the Constitution



### 10.6 Board Time without Management

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

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

- (a) matters that requires his follow up such as business, and relationship or people issues;
- (b) matters concerning procedural points which requiring improvement that the Company Secretary needs to work on; and/or
- (c) how the Chairman can better conduct future meetings.

The Board also conducts one-to-one session with the CEO immediately prior to the Board Time without Management in order to highlight and discuss specific matters requiring his personal attention and/or follow up.

### 10.7 Meeting Agenda and Board Annual Outline Agenda

The proper construction of a meeting agenda is essential to ensure an effective and efficient meeting of the Board/Board Committee. Meeting agendas should be based on the respective terms of reference of the Board/Board Committees, to ensure that matters are raised and debated at the proper forum and in a structured manner.

The Board of Maybank IB has also instituted a Board Outline Agenda incorporating matters which the Board considers other than 'routine', to be raised by the Senior Management at Board meetings throughout the entire year. The Board Outline Agenda allows the Senior Management to better plan and prepare for matters which the Board expects them to raise periodically or at the appropriate time. Adherence to the Board Outline Agenda and the Senior Management's commitment to it, facilitates not only better time management for both the Senior Management and the Board, but also a more focused discussion on matters included in the said agenda.

The subject matters other than 'routine' as outlined in the Board Outline Agenda are categorised in the following broad topics: -

- (a) Strategy
- (b) Governance
  - (i) Risk Management
  - (ii) Compliance

The Annual Board Outline Agenda is reviewed at every Board meeting and updated, where appropriate.

### 11. **BOARD COMMITTEES**

To ensure effective governance of the Board, the Board of Maybank IB has established several Board Committees (with specific terms of reference) to assist them in discharging their duties and responsibilities. The establishment of these Board Committees is aligned with the applicable rules and regulations which they are subjected to. Nevertheless, the Board of Maybank IB is mindful of the overriding principle in respect of the rule on delegation of authority i.e. that it shall remain responsible for all actions exercised by the respective Board Committees, unless any of the Board Committees had acted beyond the scope of the authority or powers delegated to them<sup>17</sup>.

Board Committees that have been established by the Board of Maybank IB are as follows: -

- (a) Audit Committee (“ACB”);
- (b) Risk Management Committee (“RMC”); and
- (c) Credit Underwriting and Review Committee (“CURC”).

Save for the CURC<sup>18</sup>, the composition of the Board Committees of Maybank IB must:-

- (a) comprise at least three (3) Directors;
- (b) comprise a majority of INEDs;
- (c) be chaired by an INED who is not the Chairman of the Board;
- (d) comprise only of NEDs as members; and
- (e) comprise Directors who have the skills, knowledge and experience relevant and expected to the responsibilities of the Board Committees<sup>19</sup>.

A brief description of Maybank IB’s Board Committees is set out as follows: -

#### 11.1 **The ACB**

The ACB was established by the Board to assist in the execution of its governance and oversight responsibilities. The responsibilities include the assessment of the adequacy of the Group’s internal control system through the internal audit function.

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<sup>17</sup> In line with Sections 216 of the CA

<sup>18</sup> the composition of the CURC is not regulated by the BNM CG Policy

<sup>19</sup> Per Paras. 12.3 to 12.5 of BNM CG Policy

Furthermore, the LR<sup>20</sup> stipulates that at least one member of the ACB must: (if applicable)

- be a member of the Malaysian Institute of Accountants (“MIA”); or
  - if he is not a member of the MIA, he must have at least 3 (three) years’ working experience; and
- (i) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
- (ii) he must be a member of one (1) of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
- must fulfil such other requirements as prescribed or approved by Bursa Securities.

The functions and responsibilities of the ACB are set out in the Terms of Reference of the ACB.

The ACB shall meet quarterly and the quorum shall be **two (2)** INEDs.

### 11.2 The NRC of Maybank

Maybank IB has been exempted by BNM from complying with the requirement to establish an NRC as the functions of the committee for Maybank IB are assumed by the Maybank Group. In view thereof, any decisions involving the above committees will be referred and presented to the NRC of Maybank for deliberation. Nevertheless, the final decisions are made by the Board of Maybank IB.

The NRC was established by the Board to implement its policies and procedures in respect of the Board’s composition and appointment of Directors to the Board and Boards’ evaluation as well as to review and recommend matters relating to the remuneration of the Board and the Senior Management of the Group.

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<sup>20</sup> Per Para 15.09 and Practice Note 13 of the LR

### 11.3 The RMC

The RMC assumes the responsibility for the Maybank IB's risk oversight and any approved policies and frameworks formulated to identify measure and monitor various risk components amongst others, credit risk, market risk, liquidity risk and operational risk would be reviewed and recommended by the RMC.

The roles and responsibilities of the RMC are set out in the Terms of Reference of the RMC.

The RMC meetings shall be held at least once every quarter in a calendar year and the quorum shall be **two (2)** INEDs.

### 11.4 Executive Level Management Committees ("ELMCs")

The CEO with the support of the Board of Maybank IB, has also established various ELMCs their authorities to the ELMCs to assist and support the relevant Board Committees in the operations of the Bank. The key ELMCs are as follows: -

- (a) Executive Committee;
- (b) Credit Underwriting Committee; and
- (c) Management Risk Committee.

Each ELMC has its respective Terms of Reference and its authority limits. For proposals on matters which exceed their authority limits, ELMC's shall submit their recommendations to the Board and/or relevant Board Committees for approval.

## 12. CONTINUING BOARD PROCESSES

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

### 12.1 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.

### **12.2 Directors' Training**

To ensure that Directors maintain a sound understanding of the business and affairs of the Group as well as relevant market and regulatory developments, all Directors are required to attend training courses, workshops and/or seminars to ensure that they possess the knowledge and skills necessary to fulfil his responsibilities.

All newly appointed Directors are required to attend the Mandatory Accreditation Programme ("MAP") within four (4) months from the date of his/her date of appointment. All newly appointed Directors are also required to complete the Core Module of the programme for Directors of Financial Institutions (comprising 4 sections) conducted by the Financial Institutions Directors' Education (FIDE), within one (1) year of their respective appointments.

Apart from the abovementioned training programs, the Board bears the responsibility of ensuring that the Board members are adequately trained and possess the skill and knowledge necessary to discharge their duties and responsibilities as Directors. Hence, throughout the financial year, all Board members are required to attend various training programmes and workshops on issues relevant to the Maybank Group, which are organised internally, as well as in collaboration with external training providers.

### **12.3 Board Evaluation & Assessment**

One of the broad responsibilities of the Maybank NRC is to provide a formal and transparent procedure for the assessment of the performance and effectiveness of the Board as a whole, the Board Committees and individual Directors to enable the Board to identify areas for professional development and process improvements, having regard to the changing needs of the Group.

Pursuant to this, the Maybank NRC has established clear criteria, processes and procedures to assess the performance and effectiveness of the Board, Board Committees and individual Directors to ensure effective decision-making of the Board (the "BEE Exercise"). For

Malaysian FIs in particular, the BEE Exercise is conducted annually to objectively assess the performance and effectiveness of the respective Boards<sup>21</sup>.

The Maybank NRC also recognises the value of periodically<sup>22</sup> appointing independent experts (“IE”) to conduct the BEE Exercise to assist in and lend objectivity to the conduct of the said exercise<sup>23</sup>. If an IE is appointed, the said exercise would be conducted through a series of interviews between the IE and the Board as well as some members of the Senior Management to gain deeper insight of the views and concerns of individual Directors on among others the performance of:-

- (i) the Board as a whole;
- (ii) their peers;
- (iii) the relevant Board Committees; and
- (iv) the Independent Directors.

During the years in which an IE is not appointed, the BEE exercise would be conducted internally, with the secretariat of the Board as the facilitator. In this case, the said exercise would be undertaken in the form of questionnaires/evaluation forms.

Typically the BEE Exercise is conducted towards the end of the financial year, with the results and findings presented to the Board at the commencement of the subsequent year. Based on the outcome of the assessment, the Chairman of the Board (and the Chairman of the Maybank NRC, in appropriate circumstances), may discuss with individual members on their areas of performance improvement, as well as their training needs. Gaps for improvements would also be identified and acted upon based on an Actionable Improvement Programme (“AIP”) to be approved by the Board. The AIP would include specific actions to be taken to address the said gaps. The AIP would then be periodically monitored throughout the year by the Board (with half-yearly updates to be presented to the Board), to ensure that the gaps identified are addressed and resolved efficiently.

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<sup>21</sup> Aligned with Para. 13.1 of the BNM CG Policy

<sup>22</sup> Once every 3 years or such other frequency as determined by the Maybank Group NRC/Board

<sup>23</sup> Aligned with Para 13.2 of the BNM CG Policy

### 12.4 Remuneration and Benefits

#### 12.4.1 Remuneration

Directors' remuneration is generally determined at levels which would continue to attract and retain Directors of such calibre to provide the necessary skills and experiences required for the effective management and operations of the Group.

The Board via the Maybank NRC is in charge of developing and implementing formal and transparent procedures for the development of Maybank's remuneration policy for its directors. The NRC's role is to set a fair and comprehensive remuneration package which: -

- (i) commensurate with the expertise, skills, and responsibilities associated with being a Director and/or senior management of a financial institution; and
- (ii) is benchmarked against the Group's peers both locally and regionally, taking into account the revenue/size of the Group against its regional peers.

For Executive Directors ("ED"), the component parts of remuneration are structured so as to link rewards to corporate and individual performance. A significant portion of the ED compensation package has been made variable in nature and to be determined based on performance during the year against the individual Key Performance Indicators which had been set aligned with the corporate objectives and scorecard and approved by the Board.

For NEDs, the level of remuneration generally reflects the experience and level of responsibilities undertaken by these Directors and is intended to be competitive with the industry. For this purpose, periodic reviews may be undertaken from time to time.

The remuneration packages for NEDs, including the Chairman, is a matter for the Board to decide following the relevant recommendations made by the NRC and is subjected to the approval of shareholders of the Company at general meeting.

The remuneration package of the Directors consists of the following: -

- (i) **Fees and meeting allowances** - Directors' fees and meeting allowances for NEDs are based on a fixed sum as determined by the NRC and the Board, and subsequently approved by the shareholders.

(ii) **Benefits** - The Board is committed to a culture of transparency and hence a summary of the total remuneration of the directors, distinguishing between executive and non-executive directors (the amount received by each director), in aggregate with categorisation into appropriate components for the respective financial year is disclosed in the Maybank IB's Corporate Governance Statement ("Bank's CG Statement").

The remuneration of each individual director is also disclosed in the Bank's CG Statement, which would reflect salary, bonus, directors' fees, other emoluments (includes allowances) and benefits-in-kind.

### 12.4.2 Benefits for Non-Executive Directors

*The following are benefits provided to the NEDs of Maybank IB:-*

- Medical
- Insurance - Group Personal Accident, Group Term Life, Directors & Officers' Liability
- Travelling and accommodation
- Communication devices
- Farewell gift
- Maybank holidays apartment/bungalow
- Car and driver (for Chairman)
- Per Diem Allowance

Details of the benefit provided to the NEDs of Maybank IB are set out in Chapter 6 of Board Manual.

The amount of benefits payable to NEDs shall be approved by the shareholders of Maybank IB at a general meeting<sup>24</sup>.

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;
- (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

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<sup>24</sup> Per Section 230 of the CA



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).

### 13. COMPANY SECRETARY

Maybank IB is required to retain the services of at least one Company Secretary and the appointment and removal of company secretary must be approved by the Board. Besides being responsible for supporting the effective function of the Board, the Company Secretary also advises the Board and the Senior Management on issues relating to corporate compliance with the relevant laws, rules, procedures and regulations affecting the Board, as well as the best practices of governance. The Company Secretary also facilitates effective flow of information between the Board, the Board Committees and the Senior Management.

The expectations of the regulators in respect of the function and responsibilities of the Company Secretary are as follows: -

- (i) to keep confidential the affairs of the Maybank and its Senior Management at all times. If the Company Secretary also serves as the Company Secretary of an Affiliate<sup>3</sup>, he/she shall not disclose the affairs of Maybank or its Senior Management to the Affiliate except with the knowledge and consent of Maybank; and
- (ii) not to have competing time commitments that may impair his/her ability to discharge his/her duties effectively. Unless BNM approves otherwise in writing, the Company Secretary must devote the whole of his/her professional time to the affairs of Maybank which he represents. Nevertheless, this would not preclude the said Company Secretary from carrying out other responsibilities for Maybank, where these responsibilities do not conflict with his responsibilities to the Board.

More generally, the roles and responsibilities of a Company Secretary include, but are not limited to the following:

- (i) Manage all Board and Board committee meeting logistics, attend and record minutes of all such meetings and facilitate Board communications;
- (ii) Advise the Board on its roles and responsibilities;
- (iii) Facilitate the orientation of new Directors and assist in Director training and development;

- (iv) Advise the Board on corporate disclosures and compliance with company and securities regulations;
- (v) Communicate the decisions of the Board for senior management's attention and further action;
- (vi) Manage processes pertaining to the annual shareholder meeting;
- (vii) Monitor corporate governance developments and assist the board in applying governance practices to meet the board's needs and stakeholders' expectations; and
- (viii) Serve as a focal point for stakeholders' communication and engagement on corporate governance issues.

### **14. DECLARATION OF INTEREST**

There are various provisions in the Malaysian regulations which sets out the obligations of a Director whenever he encounters a situation of conflict. A conflict of interest occurs when a Director's personal interest conflicts with his/her responsibility to act in the best interest of Maybank Group.

These conflict situations present the risk that the Directors might make a decision based on or affected by these influences rather than in the best interest of the Group. In general, when a Director encounters such a situation, his/her obligation would be:-

- (i) to declare to such interest to the Board; and
- (ii) not to participate in deliberations and vote on subjects/transactions in which he/she has an interest in.

Maybank has developed a Directors Conflict of Interest Policy ("CI Policy") to address the issue of Directors conflict of interest in terms of transactions (that they may have an interest in) as well as benefits (that they may receive from third parties) during their tenure on the Board. Among others, the CI Policy sets out the processes and procedures for the Directors to declare actual or potential conflict of interest and the obligation of the Board to address the same in accordance with Malaysian regulations.

### **15. SUPPLY OF INFORMATION TO THE BOARD**

The Board of Maybank has full and unrestricted access to all information pertaining to the respective businesses and affairs of Maybank to enable it to discharge its duties effectively. Directors also have full and unrestricted access to the advice and services of the Senior Management and the Company Secretary.

Pursuant to Maybank's Policy and Procedure on Access to Independent Professional Advice, Senior Management and Company Secretary by Directors of Maybank Group, the Board has access to advice from third party experts or independent professionals on any matters deliberated by the Board and the costs of such advice shall be borne by the relevant entity within the Group which the requesting Board represents.

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Approved by the Board on 25 January 2017  
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