



RHB INSURANCE BERHAD (38000-U)

Corporate Governance

BOARD CHARTER

(REVISED IN 2017)



TABLE OF CONTENTS	<u>Page</u>
Introduction	3
Responsibilities of the Board	3
Responsibilities of Directors	11
Responsibilities of Senior Independent Non-Executive Director	12
Responsibilities of the Chairperson	13
Responsibilities of Group Managing Director/Chief Executive Officer	14
Board Committees	15
Financial Reporting	18
Investor Relations and Shareholder Communicaiton	18
Relationship with other Stakeholders	19
Company Secretary	19
Changes to this Charter	19

Introduction

This Charter sets out the key corporate governance principles adopted by the Board of Directors (the “Board”) of RHB Insurance Berhad (the “Company” or “RHBI”). In adhering to the responsibilities set out in this Charter, the Board members are expected to perform their duties with integrity, honesty and in a professional manner in accordance with the law in serving the interest of its shareholders, employees, clients, the community and other stakeholders.

The Board will carry out its mandate directly and through the various committees of the Board and such other committees as it appoints from time to time. These committees include amongst others, Board Audit Committee, Board Nominating & Remuneration Committee, Board Risk Committee and Board Technology Committee, as the case may be.

The Board and each director’s performance will be assessed annually based on the expectations set out in this Charter. With the various positions held by each director on the Board, they are expected to meet the expectations set for each position as these are crucial to the long-term success of the Company.

It should be noted that this Charter serves as a reference to the Board members in executing their responsibilities. The provisions contained in this Charter neither replace nor supersede the laws of Malaysia or the regulatory frameworks applicable.

This Charter also makes reference to RHB Banking Group’s Internal Guidelines and Procedures.

Responsibilities of the Board

The Board is charged with leading and controlling the Company in an effective and responsible manner. Each director has a legal duty to act in the best interest of the Company and stakeholders. The directors, collectively and individually, are aware of their responsibilities to shareholders and stakeholders for the manner in which the affairs of the Company are managed. The Board sets the Company’s values and standards and ensures that its obligations to its shareholders and stakeholders are understood and met.

The Board is principally responsible for:

- **Strategy Setting.** A key Board role is to review and approve strategic or business plans, financial objectives, major capital and operating budget and matters of policy proposed by senior management team. The Board would monitor the management’s performance in implementing the adopted strategies and provide relevant direction and advice where necessary to the senior management team, so as to ensure the achievement of the Company’s objectives.

- **Management of the Company.** It is pertinent that the Board oversee the performance of the management, ensuring that the Company is properly managed. To ensure high performance, the Board is encouraged to review and approve performance objectives for the senior management team and monitor the management team's performance on a regular basis.
- **Succession Planning.** As the Board is responsible for appointing the Chief Executive Officer ("CEO")/Managing Director ("MD") and the senior management team to manage the Company, the Board needs to ensure candidates of highest calibre are appointed during the process of selection and assessment. In addition, the Board is recommended to have in place a succession planning strategy in replacing senior management, when necessary.
- **Risk Management.** The Board is responsible in identifying principal risks and ensures the implementation of appropriate systems to manage these risks. This includes reviewing and approving policies and processes to identify business risks, to determine the risks acceptable to the Company and ensuring that systems and controls are in place to manage them. In addition, the Board should ensure that the Company is adequately capitalised to support the risks undertaken and to meet regulatory requirements.
- **Integrity of Internal Control.** The Board is expected to review the adequacy and integrity of the Company's internal control system on a regular basis and ensure that there is an effective and satisfactory framework for reporting internal financial controls and regulatory compliance. In addition, the Board is expected to establish and ensure the effective functioning of an Audit Committee and Internal Audit department.
- **Communication Plan.** The Board is expected to develop and implement an investor relations programme or shareholder communication policy so as to give regulators, investors and shareholders ready access to balanced and understandable information about the Company and its corporate goals. The communication policy should also incorporate a system to receive feedback from shareholders, including designating a senior independent director to whom all concerns may be conveyed. In compliance with regulatory requirements, the Board is expected to establish an effective corporate communication plan for regular and timely public disclosure.
- **E.S.G. Integration.** The Board must promote sustainability through appropriate environmental (E), social (S) and governance (G) considerations in the Company's business strategies. In line with managing reputational and environmental risks, the Board is expected to implement good corporate governance and risk management that consider environmental, economy and social factors as part of non-financial performance indicators to measure the sustainability and ethical impact of its investment, lending, corporate finance, insurance and other core business activities. In addition, the Board is expected to develop appropriate systems in place to ensure accountability and greater transparency of its ethical and social responsibilities footprint.

Matters Reserved & Delegated by the Board

The duties and responsibilities reserved for the Company's Board and those which are delegated to the Board Committees and Senior Management are laid out per their roles & responsibilities and respective Terms of Reference. The matters of strategic importance to the Group or the Company, which are discussed and deliberated at the Board level, include the following:

- i. Business & Operating Strategies
- ii. New or changes to existing Business Plans
- iii. New investments/divestments
- iv. Mergers & acquisitions
- v. Expansion/entry into new markets/geographies/regions
- vi. Corporate restructuring/reorganisation
- vii. Set-up of new subsidiaries
- viii. Joint ventures
- ix. Partnerships or strategic alliances
- x. Acquisitions/disposal of significant assets
- xi. IGNITE 2017

Apart from the aforesaid principal responsibilities of the Board and matters of strategic importance to the Company/Group, the Board has also delegated specific responsibilities to several Board Committees and Management Committees. While the Board/Management Committees have the authority to examine particular issues, they will report to the Board with their decisions and/or recommendations and the ultimate responsibility on all matters lies with the entire Board.

Board Meetings

The Board should meet regularly, preferably on a monthly basis, but in any event no less than once every two months to deliberate on the performance of the Company and to provide policy direction and guidance for the management. Should urgent matters arise, additional meetings may be convened.

Board papers shall be provided to directors within a reasonable time-frame prior to the relevant meeting to enable them to familiarise on the issues to be discussed and participate in an informed manner.

Directors are encouraged to attend all Board meetings, with a minimum of 75% attendance in each financial year. If any director contravenes the 75% attendance rule without a valid reason, he or she shall be disqualified from servicing the Board.

Supply of Information

The Company aims to provide all directors with timely and quality information and in a form and manner appropriate for them to discharge their duties effectively.

The Standard Procedures for Directors to have access to Independent Professional Advice (“Standard Procedures”) was formalised and adopted by RHB Banking Group (“the Group”). The objective of the Standard Procedures is to enable Directors to have an enhanced perception of issues within the Group by allowing them to obtain independent opinion/advice/consultation from professionals in the relevant areas at the expense of the Group. In essence, the same will ensure consistency throughout the Group on the procedures for Directors of the Group to have access to independent professional advice.

Maintaining Board Independence and Board Balance

The Board should include a balance of executive directors and non-executive directors (including independent non-executives) such that no individual or small group of individuals can dominate the Board’s decision making process. The Board should comprise of at least the minimum number of directors as stipulated in the Company’s Article of Association, increasing where additional expertise is considered desirable in certain areas.

Executive and non-executive directors have the same fiduciary duties to the Company. However, as non-executive directors are not involved in the day-to-day running of the business, they can bring a fresh perspective in supporting as well as constructively challenging and monitoring the management team. To ensure effectiveness and objectivity, it has been widely recognised both in Malaysia and overseas [as stipulated/codified under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Combined Code on Corporate Governance in the United Kingdom and Sarbanes-Oxley Act in the United States] that at least two (2) directors or one third of the Board should be independent non-executive directors.

Pursuant to the BNM’s Policy Document on Corporate Governance, a financial institution must obtain the prior approval of BNM before the removal or resignation of an independent director takes effect.

Appointment of Directors

The Board is encouraged to establish policies defining detailed criteria and qualifications for directors and senior management appointments, in particular factors such as the experience and expertise relative to the duties, education level, competencies, capabilities, probity, financial and personal integrity and reputation. A rigorous vetting should be conducted to ensure that the proposed directors meet the minimum criteria stated in these policies.

The Board Nominating & Remuneration Committee (“BNRC”) is responsible for recommending candidates for appointment to the Board. The primary goal of director selection is to nominate individuals who, as a group, offer a range of specialised knowledge, skills, and expertise that can best contribute to enhancing the Board, and therefore organisational success under existing and future circumstances. As such, consideration should be given to the distinctive skills, perspective and experiences that the candidate, diverse in geographic origin and professional experience (public, private and non-profit sectors), can bring to the boardroom.

The Nomination Framework for RHB Banking Group (“Framework”) was formalised and adopted by the Group. The adoption of the Framework is to conform with good corporate governance practices as well as ensure consistency and ease of reference throughout the Group in giving a clear, formal and transparent nomination processes for the benefit of the BNRC, Board and Management pertaining to the appointment of directors, board committee members, Group Shariah Committee and key senior management officers (which entails Group Managing Director (“Group MD”), Chief Executive Officer (“CEO”)/Managing Director (“MD”) who is the Direct Report to the Group MD and any persons as may be decided by the BNRC).

Pursuant to the Framework, a thorough and comprehensive fit and proper assessment (i.e. background, skills, knowledge and experience) of the candidate is undertaken by the BNRC in accordance with the Policy and Guidelines on Fit and Proper for Key Responsible Persons of RHB Banking Group (“Fit and Proper Policy”), through a transparent nomination process before a recommendation is made to the Board for approval. These assessments are carried out against a benchmark of documented competencies which have been prepared for each role, and also involve a declaration being completed by each individual as well as obtaining documents evidencing material qualification and the carrying out of checks such as criminal record, bankruptcy, and regulatory disqualification checks, amongst others. The fitness and propriety of the directors will be reassessed annually by executing the fit and proper declaration. The Fit and Proper Policy outlines the following criteria for assessment of the suitability of the candidate for appointment:-

- (i) Probity, personal integrity and reputation, where the candidate must have personal qualities such as honesty, integrity, diligence, independence of mind, fairness and ethical behaviour.
- (ii) Competence and capability, where the candidate must have the skills, experience, ability and commitment to carry out the role.
- (iii) Financial integrity, where the candidate must have financial soundness and be able to manage his/her debts or financial affairs prudently.

Should the appointment of directors require any regulators' approval, the Board should ensure that the approvals are obtained prior to the appointment.

Upon the appointment, the director will receive a formal Letter of Appointment and a comprehensive Director's induction kit to assist them in building a detailed understanding of the Group's businesses and operations, the long term direction and the statutory obligations as well as the Company's expectation of him/her. Furthermore, the said director is also required to attend in-house orientation organised by the Management initiated by Group Secretariat within three (3) months from his/her date of appointment.

A Director of a Financial Institution ("FI") must attend the Financial Institution Directors' Education ("FIDE") programme and complete the same within one (1) year from the date of appointment. Likewise, the Director should provide a copy of his/her certificate of FIDE to the Company Secretary in the event that he/she has completed the same in other FI previously.

For good corporate governance, the internal Guidelines on Tenure of Appointment/Re-Appointment of Non-Executive Directors ("NEDs") for RHB Banking Group ("Guidelines") was established. The tenure of appointment or re-appointment of NEDs (save for Non-Independent Non-Executive Directors (NINED") who is a Board representative of the major shareholders) of RHB Banking Group shall be for a 2-year term ("Term") subject to the relevant conditions as stipulated therein.

Remuneration Levels of Directors

The Company aims to set remuneration at levels which are sufficient to attract and retain the directors needed to oversee the Company successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved. In setting up the remuneration level, fixed and variable components in the forms of basic pay, short-term and long-term nexus need to be incorporated to serve different compensation objectives. The Company should be transparent on each component of the directors' compensation scheme and disclose the overall remuneration package, in line with good corporate governance practices.

The standardisation of the Non-Executive Directors/Chairman's benefits had been formalised for adoption by the Group.

Re-election, Retirement and Resignation of Directors

Each director is required to submit themselves for re-election at regular intervals, at least once every three (3) years. Pursuant to the Company's Articles of Association, at least one third of all directors should retire by rotation in every year and be eligible for re-election at the annual general meeting.

The directors to retire in every year shall be those who have been longest in office since their appointment or last election but as between persons who became directors on the same day, those to retire shall (unless they agree amongst themselves) be determined by lot.

The internal review of appointment/re-appointment of NEDs (save for NINED who is a Board representative of the major shareholders) once every 2 years shall be applicable to all entities within the Group, subject to the following provisions as stipulated in the Guidelines:-

- (i) NEDs (save for NINED who is a Board representative of the major shareholders) may be re-appointed for a new Term provided that such service tenure shall not exceed a consecutive or cumulative term of 9 years. Computation of the service tenure will commence from the date of his/her appointment in the Group.

Upon completion of the 9 years, an Independent Non-Executive Director ("INED") shall retire at the next AGM of the company concerned. Otherwise, the Board must justify and seek shareholders' approval in the event it retains as an INED, a person who has served in that capacity for more than 9 years, upon recommendation of the BNRC.

An INED who has been re-designated as NINED and is not a Board representative of the major shareholders may continue his tenure upon completion of the 9 years, subject to approval of the Board upon recommendation of the BNRC. Otherwise, he shall retire at the next AGM of the company concerned.

- (ii) Notwithstanding the above, a NED (save for the NINED who is a Board representative of the major shareholders) shall retire at the next AGM of the company concerned upon completion of his consecutive or cumulative term of 12 years.

Should such re-election/re-appointment or resignation require any regulators' approval, the Board should ensure that necessary application for re-election or resignation is submitted to the regulators within the stipulated timeframe.

Board Effectiveness Evaluation

The Board Effectiveness Evaluation ("BEE") is designed and established with the objective of assessing the effectiveness of the Board and Board Committees, as well as the individual directors. It aims to improve the Board's effectiveness as well as draw the Board's attention to key areas that need to be addressed or improved. The BEE is based on a combination of self and peer assessment performed via a customised questionnaire. To ensure integrity and independence of the appraisal process, an independent facilitator (which is independent of the Management) will be engaged for the said exercise. The BEE also includes interviews with Directors and senior management which are conducted in an in-depth manner to encompass areas which fall outside the realm of the written assessment. The independent facilitator will discuss the detailed results with the Chairmen of the Board and the BNRC. A summarised report thereof will then be presented to the BNRC and the Board to enable them to identify the areas for improvement and put in place appropriate measures.

Continuous Education of Directors

Continuous education programmes are implemented to ensure that directors may appropriately and effectively perform their duties.

The Company has adopted educational/training programmes to update the Board in relation to new developments pertaining to the laws and regulations and changing commercial risk factors which may affect the Board and/or the Group.

In ensuring consistency throughout the Group in developing in-house orientation and continuing education programmes for its directors to familiarise them with the industry and the company/licensed institution, Standard Procedures on Directors' In-House Orientation and Continuing Education Programme for RHB Banking Group was formalised and adopted by the Group. It is also aimed to provide the Directors with a better understanding of the nature of business, corporate strategy, risks of the business, financial overview, risk management strategy, legal requirements, duties, responsibilities and rights from the legal viewpoint, moral and ethical obligations as well as good corporate governance in the ever-changing economic climate, on an on-going basis in assisting them to better perform their duties and address issues that may arise therefrom.

Responsibilities of Directors

In order to achieve the Board's objective, major commitment is required on the part of the directors. The commitment carries with it a responsibility for a near perfect attendance at Board and Board Committee meetings, including specially called sessions and being sufficiently prepared to participate in the discussions.

To effectively discharge their duties, the directors are responsible to:

- Be proactive in seeking more information within the Company and the industry, in an effort to have a broad current knowledge so as to participate and contribute effectively in the meetings.
- Exercise independent judgement when making decisions and act strictly in the best interest of the Company and its shareholders generally and not in the interest of any one shareholder or group of shareholders. Directors are encouraged to be forthright in Board meetings, to question, request information or raise any issue of concern with the Board and management.
- Seek professional independent advice at the Company's expense, where he or she perceives an irregularity in the Company related matter. The director must ensure that the costs are reasonable and must discuss with the Chairperson before the advice is obtained.
- Maintain confidentiality on Board discussions and deliberations. Similarly, all confidential information received by a director in the course of the exercise of his or her duties remains the property of the Company. It is, therefore improper to disclose it or allow it to be disclosed, unless the disclosure has been authorised by the Board or required by law.

- Maintain the independence of the Board by being sensitive to conflicts of interest or duty that may arise and mindful of their fiduciary obligations. In view of this, directors must disclose in writing to the Board any actual or potential conflict of interest or duty that might reasonably be thought to exist as soon as the situation arises, and in addition take necessary and reasonable action to resolve or avoid any actual or potential conflict of interest or duty.
- Continuously educate themselves to maintain the necessary depth and breadth of knowledge and skills.

The Code of Ethics and Business Conduct for Directors (“Code”) was adopted by the Group. The Code speaks of ethical and moral behaviour forming an integral part of minimising corporate risk and ensuring sustainability. The Code is a dynamic document and interpreted with ethical values as the main theme. It is not assigned with a definitive and rigid interpretation but rather governed by customs and conventions, unless such interpretation is legally contradictory to the laws of the land.

The Group has in place “Policy on Related Party Transactions (“RPTs”) Review Process” to manage situation where conflict of interest arising from the interest (direct or indirect) of a director, major shareholder or person connected with such director or major shareholder in a transaction proposed to be entered into or action/decision to be taken by the Company and its subsidiaries. Such policy serves as a guide for reviewing and reporting of all RPTs. Pursuant to the Companies Act, 2016 and BNM’s Policy Document on Corporate Governance, the interested director is required at all times to declare his conflict of interest position and must abstain from Board or Board Committee deliberation and voting on the relevant resolution in respect of the RPT. All the RPTs are reviewed by Group Legal prior to presentation to the Board Audit Committee and Board for consideration.

Responsibilities of Senior Independent Non-Executive Director

The Board should appoint a senior independent non-executive director to address the needs and issues of concern of the shareholders and non-executive directors. Among his or her responsibilities are to:

- Be available to shareholders if they have concerns relating to matters which contact through normal channels of Chairperson or CEO/MD has failed to resolve, or for which such contact is inappropriate;
- Maintain contact as required with major shareholders to have a balance understanding on their issues and concerns; and
- Be the focal point for external parties to whistle blow any unethical behaviours or business misconducts by internal parties (including Directors) of the Company and within RHB Banking Group.

Responsibilities of the Chairperson

It is widely recognised that the appointed Chairperson should be a non-executive director and the roles of the Chairperson and the CEO/MD should be split. However, if the roles are combined, a decision to combine these roles should be publicly explained.

The Chairperson is appointed by the Board with primary regard to his or her skills, expertise and experience relevant to the role. It is recommended that the Chairperson should have a good understanding and experience in the industry in addition to Malaysia boardroom and corporate governance issues.

The Chairperson reports to the Board and shareholders and provides leadership to the Board in matters relating to the effective execution of all Board responsibilities. He or she is expected to spend whatever time necessary to fulfil his or her duties.

The Chairperson presides over Board and General Meetings of the Company. He or she is expected to ensure that the Board is well informed and effective; that Board members, individually and as a group, have the opportunity to air differences, explore ideas and generate the collective views and wisdom necessary for the proper operation of the Board and the Company. Additionally, the Chairperson must ensure that General Meetings too are conducted efficiently and that shareholders have adequate opportunity to air their views and obtain answers to their queries.

In addition to the above, the responsibilities of the Chairperson are to:

- Provide effective leadership in formulating the strategic direction for the Company and the Board and achieving the objectives of the Company.
- Work with the Company Secretary to schedule Board and Committee meetings and ensure that directors receive accurate, timely and clear information in particular about the Company's performance, to enable the Board to make sound decisions, monitor effectively and provide sound advice to achieve the Company's objectives.
- Work with the Board in establishing appropriate Board Committee structures and charters, including the assignment of directors to Board Committees and the appointment of Chairperson of each Board Committee.
- Ensure the independence of the Board in discharging its duties. This includes encouraging non-executive directors of the Board to meet regularly to deliberate on matters of concern and ensuring that the Board may engage independent advisors as required (subject to the proper approval process).
- Ensure that the Board and individual directors fully exercise their responsibilities and fully comply with applicable policies, laws, regulations, rules, directives and guidelines.

- Consider and address the development needs of individual directors and the Board as a whole, maintain the necessary depth and breadth of knowledge and skills to enhance the effectiveness of the Board as a team.
- Work with the Board in establishing the performance criteria and evaluation for the Board, the various Board Committees, individual directors, the CEO/MD and the senior management team. Within the evaluation framework, the Chairperson should encourage regular Board discussions and assessments of the CEO/MD and the senior management team's performance.
- Promote effective relationships and open communication between the Board and senior management team, in relation to corporate governance matters and corporate performance.
- Represent the Company and the collective views of the Board externally and overseeing the public relations, including relations with key clients, government officials, other public organisations and the public generally. In addition, the Chairperson is encouraged to use his best endeavours to promote the Company's business in Malaysia and overseas.

Absence of the Chairperson

In the absence of the Chairperson, the Deputy Chairperson (if any), or, in the event that there are more than one Deputy Chairpersons, the senior independent non-executive director, shall preside at the meetings of the directors. If such person is not present within the stipulated duration after the time appointed for a meeting, the directors present shall choose one of their numbers to be the Chairperson of such meeting.

Responsibilities of Managing Director/Chief Executive Officer

The MD/CEO assumes the overall responsibilities for the execution of the Group's strategies in line with the Board's direction, oversees the listed entity's operations and drives the Group's businesses and performance towards achieving the Group's vision and goals.

The key roles of the MD/CEO include, amongst others:-

- To put in place initiatives that will shape the corporate direction and values of RHB Banking Group towards the achievement of a "customer centric" corporate culture as defined in RHB Banking Group's Strategy 2012 to 2025, and underpinned by the Group's PRIDE values;
- To lead, manage and provide strategic direction to the RHB Banking Group towards achieving the Group's aspiration to be the "Leading Financial Services Provider in Asia";

- To plan, develop and execute the Group's strategic initiatives towards achieving the Group's vision and strategic direction in accordance with the RHB Banking Group's Strategy 2012 to 2025;
- To oversee the internal control systems and the risk management processes and ensure these systemised processes are appropriate and effective;
- To ensure value creation to shareholders through profitable growth;
- To leverage on the strength of the Group and synergies across businesses and ensure collaboration amongst business entities and in doing so to ensure optimisation of resources towards achieving the Group's targeted level of growth;
- To develop and ensure execution of the Group's communication and brand strategy;
- To provide strong leadership that is, effectively communicating a vision, management philosophy and business strategy to the employees and building up a strong management team for the Group;
- To create a high performance organisation that will attract, motivate and retain best talent;
- To put in place an effective succession plan for key positions within the Group, leadership development programme and talent retention strategy; and
- To maintain effective relationships between the Management, the Board and other stakeholders.

Board Committees

The Board of the Company may from time to time establish Board Committees to assist it in carrying out its responsibilities and shall adopt Charters setting out matters relevant to the composition, responsibilities and administration of such committees, and other matters that the Board may consider appropriate. A Board Committee Chairperson would be appointed by each Board Committee members to provide effective leadership for the Board Committee.

The Board has delegated some of its powers and functions to each of the following Board Committees to assist it in carrying out its responsibilities, to share detailed work and consider certain issues and functions with greater focus:

- Board Audit Committee
- Board Nominating & Remuneration Committee
- Board Risk Committee
- Board Technology Committee

Note:

The above Board Committees are shared with the relevant entities within the Group.

Board Committees Chairperson

The Chairperson of each Board Committee is appointed by its Committee members. He or she will preside at the meetings of the Board Committee and ensure that the Board Committee operates effectively and efficiently as a team.

The Board Committee Chairperson is responsible for:

- Ensuring the Board Committee membership consists of a balance of skills and experience that would enhance the Board Committee's activities and discussions.
- Ensuring the Board Committee's work is in accordance with best practices so that it is able to discharge its duties effectively and comply with regulatory requirements.
- Empowering all Board Committee members to challenge issues and manage these debates without creating unnecessary conflicts.
- Ensuring that the Board Committee is provided with appropriate flow of information to enable them to perform their duties competently.
- Ensuring high quality reporting to the Board on the work of the Board Committee including identification of solutions to issues and concerns identified by the Board Committee.

Board Audit Committee

Board Audit Committee ("BAC") is responsible to provide independent oversight over the management of the financial reporting and internal control system and ensuring checks and balances for entities within the Group and to review the financial condition and performance of the Group. It assists the Boards ("the Boards") of the respective entities in the discharge of their responsibilities by reviewing the effectiveness, adequacy and integrity of the Group's internal control systems and management information systems, including systems for risk management, governance processes and compliance with applicable laws, regulations, rules, directives and guidelines as well as quality of the audits conducted by the internal and external auditors of the Company. The BAC also reinforces the independence of the external auditors and thereby rendering assurance that they will have free rein in the audit activities. The BAC also provides emphasis on the internal audit function by increasing the objectivity and independence of the internal auditors and provides a forum for discussion that is among others independent of the management.

Board Nominating & Remuneration Committee

Board Nominating & Remuneration Committee (“BNRC”) supports the Boards in reviewing and assessing the appointment of directors, board committee members, Group Shariah Committee (“GSC”) and key senior management officers (which entails Group MD, CEO/MD who is the Direct Report to the Group MD and any persons as may be decided by the Committee) for recommendation to the Board. The BNRC will also advise the Boards on the optimal size and mix of skills of Boards. In addition, the BNRC provides oversight and direction on Human Resource matters and operations, and to recommend to the Boards for approval the remuneration and human resource strategies. The BNRC will also be responsible to approve changes to Group Human Resources policies, in line with human resource strategy and direction set by the Board.

Board Risk Committee

Board Risk Committee (“BRC”) is responsible to provide oversight and governance of risks at the Group. It oversees senior management’s activities in managing risk and to ensure that the risk management process of each entity in the Group is in place and functioning as well as promotes the management of the Group’s risk in accordance with a risk-return performance management framework. The BRC also supports and provides the overall leadership to the senior management in driving the Risk Culture and Risk Ownership in the Group.

BRC’s other duties and functions among others include the following:

- To review and approve proposed changes to Delegated Lending (Financing) Authorities/ Discretionary Powers/Powers of Attorney, limits for business and operations.
- To review and approve changes to policies and frameworks (excluding Human Resource related policies and framework), risk methodologies/models and other significant risk management matters, in line with the approved risk strategy.
- To review and approve new/existing products with material variations in product features.

Board Technology Committee

Board Technology Committee (“BTC”) assists the Board by providing guidance on the Group’s strategic IT programs and major IT investments. The BTC reviews and advises the Board, the Group’s overall technology strategies and policies, strategic and major technology investments and projects above approving authority at Group Management Committee. It also receives from management, updates on emerging digital technology and ecommerce trends affecting the Group.



Financial Reporting

The Company aims to present a clear and balanced assessment of the Company's financial position and future prospects that extends to the interim and price-sensitive information and other relevant reports submitted to regulators.

The directors ensure that the financial statements are prepared so as to give a true and fair view of the current financial status of the Company in accordance with the approved accounting standards.

The Board has established formal and transparent arrangements to consider the manner financial reporting and internal control principles will be applied and to maintain an appropriate relationship with the Company Auditors through its Board Audit Committee.

The Company has a well-resourced internal audit function, which critically reviews all aspects of the Company's activities and its internal controls. Comprehensive audits of the practices, procedures, expenditure and internal controls of all business and support units and subsidiaries are undertaken on a regular basis. The Head of Group Internal Audit has direct access to the Board through the Chairman of the Board Audit Committee.

Investor Relations and Shareholder Communication

The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Company and as such adopts an open and transparent policy in respect of its relationship with its shareholders and investors.

Relationship with other Stakeholders

In the course of pursuing the vision and mission of the Company, the Board recognises that no Company can exist by maximising shareholders value alone. In this regard, the needs and interests of other stakeholders are also taken into consideration.

Company Secretary

The Board appoints the Company Secretary, who plays an important advisory role, and ensures that the Company Secretary fulfils the functions for which he/she has been appointed.

The Company Secretary is accountable to the Board through the Chairperson of the Board and Committees on all governance matters.

The Company Secretary is a central source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company.

Changes to this Charter

The principles set out in this Charter are:

- kept under review and updated as practices on Corporate Governance develop and further guidelines on Corporate Governance are issued by the relevant regulatory authorities;
- applied in practice having regard to their spirit and general principles rather than to the letter alone; and
- summarised in the Annual Report as part of a narrative statement by the directors on Corporate Governance.

The Board endeavours to comply at all times with the principles and practices set out in this Charter.

No changes to this Charter shall be made without the majority approval of the Board. This Charter and the Charter for each Committee established by the Board shall be reviewed by the Board at three (3) years interval, or sooner, if the Board deems appropriate.