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## **BOARD CHARTER**

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DULY APPROVED AND ADOPTED BY THE BOARD OF DIRECTORS OF CIMB GROUP HOLDINGS  
BERHAD AT THE BOARD OF DIRECTOR'S MEETING HELD ON 27 JUNE 2019

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## 1. INTRODUCTION

1.1. This Board Charter sets out the requirements of the Board of Directors of CIMB Group Holdings Berhad as at the date hereof.



Recommendation 1.7,  
MCCG 2012

1.2. Unless otherwise stated the following applies:

- “the Company” and “CIMB” refers to “CIMB Group Holdings Berhad”;
- “the Group” or “CIMB Group” refers to CIMB Group Holding Berhad and its Subsidiaries, Associates, and Jointly–Controlled Entities in which CIMB holds a controlling interest, as established under the corporate structure of CIMB;
- “the Board” refers to the Board of Directors of the Company unless specifically stated to be the Board of a specific entity.

1.3. Unless otherwise stated, in this Terms of Reference, “Senior Management” refers to the direct reports of the Group Chief Executive Officer/Executive Director (“Group CEO/ED”) as identified in the Appendix of this document.

1.4. The purpose of the Board Charter is to promote the highest standards of Corporate Governance within the Group and to clearly set out the role, composition and responsibilities of the Board of Directors of CIMB. The Board Charter serves not only as a reminder of the Board’s roles and responsibilities but also as a general statement of intent and expectation as to how the Board discharges its duties and responsibilities.

1.5. The Board Charter aims to guide CIMB’s Board in its stewardship role of the Group based on the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“MMLR”), the Financial Services Act 2013 (“FSA 2013”), Islamic Financial Services Act 2013 (“IFSA 2013”), Capital Market Services Act 2007, Companies Act 2016 (“CA 2016”) and the Company’s Constitution. In addition, the Board Charter also recognises and aims to adopt related best practices and guidance from the following documents:

- (a) The Corporate Governance Policy document (the “CG Policy”) issued by Bank Negara Malaysia (“BNM”) in 2016 which sets out the BNM’s expectations for financial institutions to have in place effective corporate governance arrangements consistent with the long-term viability of a financial institution.
- (b) The Corporate Governance Guide – Towards Boardroom Excellence , 2<sup>nd</sup> Edition (the “Guide”) issued by Bursa Malaysia Securities Berhad (“Bursa Malaysia”) in 2013, which is designed to help Directors understand their roles and duties to the Company and its stakeholders.

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- (c) The Malaysian Code on Corporate Governance, (the “Code”), which provides Principles and Recommendations promulgating good corporate governance practices and accountability of companies and their Boards of Directors.

## 2. THE BOARD’S ROLES AND RESPONSIBILITIES

- 2.1. The Board is the ultimate decision-making body of the Group, with the exception of matters requiring shareholders’ approval. It sets the strategic direction and vision of the Group. The Board takes full responsibility in leading, governing, guiding and monitoring the entire performance of the Group and enforces standards of accountability, all with a view to enabling Management to execute its responsibilities effectively.
- 2.2. The Board is collectively responsible for the proper stewardship of the Group’s business and the creation of long-term value, for shareholder and other stakeholders. The Board is responsible for putting in place a framework of good corporate governance within the Group, including the processes for financial reporting, risk management and compliance. Board members bring their independent judgment, diverse knowledge and experience in deliberations on issues pertaining to strategy, performance, resources and business conduct.
- 2.3. The Board shall assume, among others, the following six (6) principal responsibilities:

 Recommendation 1.2 and 1.4, MCCG 2012

**(a) *Reviewing and adopting a strategic plan for the Company***

A basic function of the Board is to review, challenge and approve Management’s proposal on a strategic plan for the Group, taking into account the sustainability of the Group’s business, with attention given to the environmental, social and governance aspects of the business. The Board is also responsible for the following:

 Recommendation 1.2, MCCG 2012

- (i) Review the Group’s strategic direction, including the approval of corporate exercises or restructuring plans; and
- (ii) Monitor the implementation of the strategic plan by Management.
- (iii) Promote sustainability through appropriate environmental, economic, social and

governance considerations in the Group's business strategies.

**(b) *Overseeing the conduct of the Group's business***

A basic function of the Board is to oversee the performance of Management to determine whether the business is being properly managed. The Board must ensure that there are measures in place against which Management's performance can be assessed. In relation to the monitoring of financial and non-financial performance of the Group's business, the Board is responsible for the following:

- (i) Monitor financial and non-financial performance against approved budgets and targets;
- (ii) Determine Dividend Policy and the amount, nature and timing of dividends to be paid;
- (iii) Conduct a review of the Group's funding requirements on a continuing basis, including significant treasury matters, approval of financing arrangements, cheques and other signatories; and
- (iv) Ensure proper procedures are put in place and that the financial statements (including quarterly/year-end announcements to Bursa Securities) of the Group are reviewed for integrity and approved for timely lodgement with, and/or release to, the various authorities and market.

**(c) *Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures***

The Board must understand the principal risks of all aspects of the Groups business and recognise that business decisions involve the taking of appropriate risks. The Board must ensure that there are systems in place which effectively monitor and manage these risks. The Board is responsible for the following:

- (i) Determine the Group's overall risk appetite, level of risk tolerance and actively identify, assess and monitor key business risks to safeguard shareholders' investments and the Company's assets, and communicate the same to the Senior Management;



Recommendation 1.2  
and 6.1, MCCG 2012

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- (ii) Appraise the Group's major current and emerging risks and oversee that appropriate risk management and internal control procedures are in place;
- (iii) Consider and approve CIMB Group's overall risk-reward strategy and frameworks for managing all categories of current and emerging risks relevant to the sustainability of the Group's businesses and wellbeing of the Group and its stakeholders, consistent with its level of risk tolerance. The risks include and are not limited to, credit, market, liquidity, equity, reputation, operational and sustainability (including climate change) risk;
- (iv) Ensure proper implementation and review the Group's internal controls system, which is continually upgraded to mitigate the Group's current and emerging risks;
- (v) Oversee and approve the recovery and resolution as well as business continuity plans for the Group to restore its financial strength, and maintain or preserve critical operations and critical services when it comes under stress
- (vi) Establish an internal audit function which reports directly to the Audit Committee;
- (vii) Select, appoint and terminate the external auditor (including associated recommendations to shareholders for approval);
- (viii) Oversee the Audit Committee's evaluation of auditor's performance and independence; and
- (ix) Review relevant arrangements brought forth by the Audit Committee, by which employees may, in confidence, raise concerns about possible improprieties in financial reporting or other matters, and to ensure that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action to be taken. This would include any whistleblowing complaints and investigative reports relating to the Senior Management of the Group.

 Recommendation 6.2,  
MCCG 2012

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**(d) Succession planning**

The Board shall ensure that all candidates appointed to the Board and Senior Management positions are of sufficient calibre. The Board shall satisfy itself that there are programmes in place to provide for the orderly succession of the Board and Senior Management. The Board is responsible for the following:

- (i) Assume the responsibility of ensuring a succession plan is in place including appointing, training, fixing the compensation of and where appropriate, replacing, members of the Board, Board Committees and Senior Management. The Board shall work with the Group Nomination and Remuneration Committee on succession planning;
- (ii) Select, appoint and determine terms of appointment of the Group CEO/ED;
- (iii) Approve the appointment of Board members, members of the Board Committees, and Senior Management of the Group as recommended by the Group Nomination and Remuneration Committee, and monitor their performance; and
- (iv) Approve policies for appointments to the Board of CIMB's subsidiaries and appoint Directors representing CIMB in CIMB's jointly controlled entities and associate companies.

**(e) Overseeing the development and implementation of a Communications Policy for the Company**

The responsibility of the Board is to ensure that the Company has in place a policy to enable effective communication with its shareholders and other stakeholders. This policy shall include the following:

- (i) How feedback received from its stakeholders is considered by the Company when making business decisions; and
- (ii) Promote timely and effective communication between the Group and Bank Negara Malaysia on matters affecting or that may affect the safety and soundness of the Group.

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- (f) ***Overseeing the implementation of the Group's governance framework and internal control framework, and periodically reviewing the adequacy and the integrity of the management information and internal controls system of the Company to ensure they remain appropriate in light of material changes to the size, nature and complexity of the Group's operations.***

The Board and Senior Management assume primary roles in fostering a strong compliance culture within the Group by ensuring that officers understand their responsibilities in respect of compliance and feel comfortable raising concerns without fear of retaliation. The Board and Senior Management should create an environment which not only ensures that the Group and its officers comply with legal and regulatory requirements, but also encourages the ethical conduct that underbellies such requirements. The Board is responsible for overseeing the management of compliance risk, which includes the following:

- (i) Approve the Group's Compliance Policy and oversee its implementation;
- (ii) Approve the establishment of the compliance function and the position of the GCCO, and ensure that the compliance function and the GCCO are provided with appropriate standing, authority and independence;
- (iii) Discuss compliance issues regularly, ensuring that adequate time and priority is provided in the board agenda to deliberate compliance issues and that such issues are resolved effectively and expeditiously; and
- (iv) At least annually, evaluate the effectiveness of the Group's overall management of compliance risk, having regard to the assessments of Senior Management and internal audit, as well as interactions with the GCCO.
- (v) Promote, together with Senior Management, a sound corporate culture within the Group which reinforces ethical, prudent and professional behaviour.



Paragraph 8.3 (d),  
BNM CG Policy 2016

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**(g) *Overseeing the development and implementation of a Sustainability framework for the Company***

The Board shall have oversight on the decisions and actions of Management in achieving the Group's goal to be a sustainable and responsible organisation, which includes amongst others the following:

- (i) Establishing, in conjunction with Management, the Sustainability framework and strategy in support of the Group's vision, as well as overseeing and monitoring the effectiveness of that strategy.
- (ii) Reviewing and approving appropriate Sustainability Policies for the Group in order to support the Sustainability framework and strategy.
- (iii) Ensuring and overseeing the institutionalisation of Sustainability as part of CIMB's culture.

**3. FORMAL SCHEDULE OF MATTERS RESERVED FOR THE BOARD**

3.1. To ensure the direction and control of the Group are in the hands of the Board, the Board adopts a formal schedule of matters reserved for the Board's deliberation and decision.

3.2. The following summarises the list of matters reserved for the Board's deliberation and decision:

- (a) Board structure
  - (i) Appointment and recommendation for removal of Directors.
  - (ii) Appointment and removal of the Company Secretary.
  - (iii) Establishment of Board Committees including the Subsidiary Boards, their members and the specific Terms of Reference.
  - (iv) Appointment, removal and replacement of Board Committees including recommendation for appointment, removal and replacement of the Directors of Subsidiary Boards.

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- (v) Appointment and extension of contracts of the Group CEO/ED, the Group's Key Senior Management and the CEO/EDs of CIMB Bank Berhad, CIMB Islamic Bank Berhad and CIMB Investment Bank Berhad, collectively referred to as the three Financial Institutions (the "Three FIs").
- (b) Remuneration matters
  - (i) Recommendation of Directors' fees for Non-Executive Directors, including Non-Executive Directors appointed to the Group's Subsidiary Boards, to be approved by shareholders.
  - (ii) Approval of remuneration packages, including service contracts, for the Group CEO/ED, the Group's Key Senior Management, the CEO/EDs of the Three FIs, other material risk takers, and any other person the Board determines.
  - (iii) Determination of the corporate goals and objectives relevant to the remuneration of the Group CEO/ED and evaluating the performance of the Group CEO/ED in light of these objectives.
  - (iv) Determination of the size of bonus/incentive pools as part of the Group's annual plan based on consideration of pre-determined business performance indicators and the financial soundness of the Group.
- (c) Company and Group operations
  - (i) Appointment, transfer and dismissal of the GCCO.
  - (ii) Appointment, transfer and dismissal of the GCIA, as determined by the Audit Committee.
  - (iii) Review and approval of Company's and Group's strategic plans.
  - (iv) Approval of the risk appetite, business plans and other initiatives which would, singularly or cumulatively, have a material impact on the Group's risk profile. This would include initiatives which affect the financial soundness, reputation or key operational controls of the Group.



Paragraph 6.3 (a),  
BNM Compliance Policy

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- (v) Approval of investment or divestment of a capital project which represents a significant diversification from the Group's existing business activities.
  - (vi) Oversee the performance and succession plans of the Group CEO/ED, the Group's Key Senior Management, the CEO/EDs of the Three FIs and other material risk takers.
  - (vii) Approval of major changes in the activities of the Group.
  - (viii) Approval of policies of the Company and Group.
- (d) Financial
- (i) Approval of annual budget of the Company and the Group.
  - (ii) Approval of capital expenditure and/or disposal of capital items sanctioned over and above delegated levels, i.e. where the amount involved exceeds a pre-determined threshold given to Management.
  - (iii) Approval of financial statements and their release (including financial reports for announcement to Bursa Malaysia or the Securities Commission).
  - (iv) To determine Dividend Policy and the amount, nature and timing of dividends to be paid.
  - (v) Approval of interim dividends for payment and the recommendation of final dividend or other distribution for shareholders' approval.
  - (vi) Adoption of accounting policies in line with Malaysian Financial Reporting Standards.
  - (vii) Approval of the review on adequacy and effectiveness of the Group's system or risk management and internal controls
  - (viii) Approval of the review on adequacy and effectiveness of the Group's system or risk management and internal controls.

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- (e) Others
  - (i) Granting of power of attorney by the Company.
  - (ii) Entering into any corporate guarantee and indemnity issued by the Company.
  - (iii) Recommendation for the changes in the Company's Constitution.
  - (iv) Changes in the financial year end.
  - (v) Recommendation for purchase of own shares by the Company.
  - (vi) Recommendation for issue of debt instruments.

#### 4. COMPOSITION

4.1. The size of the Board is determined by the Board based on, among others, the following considerations:

- (a) The evolving circumstances of the Company and Group in terms of its size, scope and geography;
- (b) The need to achieve an appropriate balance of Executive and Non-Executive Directors and the Independent elements of Non-Executive Directors. A Board with a balanced composition will ensure that no individual or small group of individuals will dominate decision-making;
- (c) The diversity of the Board, as a Board with a balanced composition will ensure that no individual or small group of individuals will dominate decision making;
- (d) The establishment of Board Committees becomes impracticable with very small boards;
- (e) Quorum requirement for Board meetings; and
- (f) Other factors such as, representation of the interests of certain shareholders or groups of shareholders, the technical knowhow or experience in the relevant industry sector, and the Board's diversity of professional experience, ethnicity, gender and age.

4.2. The position of the Chairman shall be held by a Non-Executive Director, who shall also be an individual different from the individual who holds the position of the Group CEO/ED.

 Recommendation 3.4,  
MCCG 2012

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- 4.3. The Chairman of the Board must not be an executive, and must not have served as the Group CEO/ED in the past five years.  Paragraph 2.27, BNM CG Policy 2016
- 4.4. The Board members shall comprise no less than three (3) and more than twelve (12) members.  Paragraph 75, M&A
- 4.5. The Board shall not have more than one (1) Executive Director and only up to two (2) Executive Directors under exceptional circumstances, subject to Bank Negara Malaysia's approval.
- 4.6. The Board shall comprise a majority of Independent Directors at all times.  Recommendation 3.5, MCCG 2012
- 4.7. Collectively, the Board shall have a broad range of financial and other skills, experience and knowledge necessary to guide the business of CIMB.
- 4.8. The Board, with the assistance of the Group Nomination and Remuneration Committee, shall determine and regularly review the composition of the Board having regard to the optimum number and skill mix of Directors, subject to the limits imposed by the Company's Constitution and the terms served by existing Non-Executive Directors.

## 5. ROLE OF CHAIRMAN

- 5.1. The Chairman carries out a leadership role in the conduct of the Board and its relations to shareholders and other stakeholders.
- 5.2. To ensure balance of authority, increased accountability and a greater capacity for independent decision-making, the roles of Chairman and Group CEO/ED are distinct and separate with a clear division of responsibilities between the Chairman and the Group CEO/ED, so that no individual or group dominates the decision-making process.
- 5.3. There are two main aspects to the Chairman's role. They are the Chairman's role within the boardroom and the Chairman's role outside the boardroom.
- 5.4. Pertaining to the Boardroom, the role of the Chairman is to:
- (a) Chair Board meetings;
  - (b) Establish the agenda of Board meetings in consultation with the Group CEO/ED and the Group Company Secretary;

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- (c) Ensure that appropriate procedures are in place to govern the Board's operation;
- (d) Ensure that Board meetings are effective in that decisions are taken on a sound and well-informed basis, including ensuring that:
  - (i) all strategic and critical issues are considered by the Board;
  - (ii) matters are considered carefully and thoroughly;
  - (iii) all Directors are given the opportunity to effectively contribute;
  - (iv) Directors receive the relevant information on a timely basis, including being properly briefed on issues arising at Board meetings; and
  - (v) the Board comes to clear decisions and resolutions are noted.
- (e) Ensure that the Group CEO/ED look beyond his executive functions and accept his full share of the responsibilities of governance;
- (f) Guide and mediate the Board's actions with respect to organisational priorities and governance concerns;
- (g) Be clear on what the Board has to achieve, both in the long and short term;
- (h) Ensure that the Board behaves in accordance with its Board Charter;
- (i) Lead efforts to address the Board's development needs; and
- (j) Perform other responsibilities, as assigned by the Board, from time to time.



Paragraph 9.1,  
BNM CG Policy 2016

5.5. Outside the Boardroom, the role of the Chairman is to:

- (a) Undertake appropriate public relations activities in conjunction with the Group CEO/ED.
- (b) Be the spokesperson for the Company at the Annual General Meeting and in the reporting of performance and profit figures;

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- (c) Be the major point of contact between the Board and the Group CEO/ED;
- (d) Be kept fully informed of current events by the Group CEO/ED on all matters which may be of interest to Directors;
- (e) Regularly review progress on important initiatives and significant issues facing the Company and/or the Group in conjunction with the Group CEO/ED, and other relevant Key Senior Management or such other appropriate Key Senior Management, progress on important initiatives and significant issues facing the Company and/or Group;
- (f) Provide mentoring for the Group CEO/ED; and
- (g) Initiate and oversee the annual Group CEO/ED performance evaluation process.

**6. DIRECTORS AND GROUP CEO/ED**

6.1. Each Director is required to be aware of legal parameters that define his/her duties. Broadly, these include:

- (a) duty to act in good faith and must act honestly in line with the Group's interest;
- (b) duty to exercise power for a proper purpose;
- (c) duty to exercise discretion properly and cannot fetter these powers by abdicating an independent exercise of such discretion and merely doing what is wanted by another person; and
- (d) duty to avoid conflict of interest and self-dealing through improper use of the Company and Group property, position, corporate opportunity or competing with any of the Company within the Group by a director or an officer of the Group unless consent or ratification is obtained in a general meeting.

6.2. Directors shall exercise reasonable care, skill and diligence according to the knowledge, skill and experience which may be reasonably expected of him/her having the same responsibilities, based on facts, any additional knowledge, skill and experience which he/she has and may be guided as follows:



Section 213(1), CA 2016

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- (a) refraining from rushing into decision-making. Provide adequate time for deliberation and evaluation of transactional and financial matters;
- (b) require sufficient notice and distribution of board papers and explanatory appendices in advance of meetings;
- (c) convene supplemental meetings in response to request for further information before the final decision;
- (d) make informed decisions based on the information provided and analysis and recommendations of the Company's independent professional advisers;
- (e) ensuring that there is no undue pressure from dominant personalities or nominees of significant shareholders;
- (f) base reliance on others where there is sound basis for doing so; and
- (g) make appropriate enquiries to satisfy itself on the integrity and soundness of the internal controls and risk management systems.

6.3. Directors of Licensed Institutions are prohibited from appointing alternate directors, as they should commit personally to the Board.

### **6.4. The role of Executive and Non-Executive Director**

- (a) Executive Directors are, as employees, involved in the day-to-day management of the Company and the Group. Non-Executive Directors are further classified as:
  - (i) those who have no direct or indirect pecuniary interest in the Company other than their Directors' fee related emoluments and their "permitted" holdings of shares in the Company, i.e. Independent Directors; and/or
  - (ii) those who are not employees of the Company or the Group or affiliated with it in any other way and are not involved in the day-to day running of the business but have pecuniary interest in the Company, either as shareholders or otherwise and whether direct or indirect, i.e. Non-Executive Directors.
- (b) Non-Executive Directors act as a bridge between Management, shareholders and other stakeholders.

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They provide the relevant checks and balances, focusing on shareholders' and other stakeholders' interests and ensuring that high standards of corporate governance are applied.

**6.5. The role of an Independent Director**

- (a) Independent Directors are essential in protecting the interests of shareholders including the rights of minority shareholders and can make significant contributions to the Company and the Group by bringing in the quality of detached impartiality.
- (b) The Board has adopted a definition of independence setting out the interests and relationships to be considered by the Board in assessing the independence of each Director in accordance with Paragraph 1.01 and Practice Note 13 of the Listing Requirements, as per paragraph 6.5.4(g) below and the MCGG 2012.
- (c) The Listing Requirements emphasise that even if a person does not fall within any of the disqualifying indicators enumerated out in Paragraph 1.01, both the Director and the Board must give effect to the spirit, intention and purpose of the definition of an Independent Director. There must be a conscious application of the appropriate test of whether the said Director is able to exercise independent judgment and act in the best interests of the Company and Group.
- (d) Independent Director shall observe the following criteria and measures
  - (i) An Independent Director is a person who is independent of Management and free from any significant business or other relationship which could interfere with the exercise of independent judgment or the ability to act in the best interests of the Company and the Group.
  - (ii) The independent and objective judgment of an Independent Director must not be compromised by, amongst others, familiarity or close relationship with other Board members.
  - (iii) The Board, assisted by the Group Nomination and Remuneration Committee shall carry out annual assessment of the independence of its Independent Directors and focus beyond the Independent Director's background, economic

 Paragraph 1.01 &  
Practice Note 13,  
MMLR

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and family relationships and considers whether the Independent Directors can continue to bring independent and objective judgment to Board deliberations.

- (iv) The tenure of an Independent shall not exceed a cumulative term of nine (9) years.
- (v) Upon completion of nine (9) years, an Independent Director may continue to serve the Board subject to the director's re-designation as a Non-Independent Non-Executive Director and assessment of the Group Nomination and Remuneration Committee.
- (vi) An Independent Director must not be a substantial shareholder of CIMB, its subsidiaries or any related corporations of CIMB.
- (vii) Provisions of the Listing Requirements that applies are as follows:
  - 1) not an Executive Director of CIMB, its subsidiaries or any related corporations of CIMB;
  - 2) has not been within the last two (2) years and is not an officer;
  - 3) is not a family member of any executive director, officer or major shareholder of the said Corporation;
  - 4) is not acting as a nominee or a representative of any executive director or major shareholder of the said Corporation;
  - 5) has not been engaged as a professional adviser or is not presently a partner, director (except as an independent director) or a major shareholder, as the case may be, of a firm or corporation (Entity) which provides professional advisory services; and
  - 6) has not engaged in any transaction or is not presently a partner, Director or a major shareholder, as the case may be, of the Entity (other than subsidiaries of

 Paragraph 11.9,  
BNM CG Policy 2016  
Recommendation 3.2,  
MCCG 2012

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the Company) which has been engaged in any transaction.

- (e) The Board shall assess the independence of Directors upon appointment and annually through a self-declaration process undertaken by each Independent Director.
- (f) An Independent Director must immediately disclose to the Board any change in their circumstances that may affect their status as an Independent Director. In such a case, the Board must review his designation as an Independent Director and notify Bank Negara Malaysia in writing of its decision to affirm or change his decision.
- (g) All resignations and removal of Independent Directors from the Board can only take effect after the Board has cleared the resignation and removal of the Independent Directors with Bank Negara Malaysia. This is to ensure the effective functioning of independent directors.

 Paragraph 11.10,  
BNM CG Policy 2016

 Paragraph 10.13,  
BNM CG Policy 2016

#### **6.6. The role of a Senior Independent Director**

- (a) A Senior Independent Director ideally possesses leadership qualities, expertise and industry or board experience.
- (b) The main role of the Senior Independent Director shall include;
  - (i) To act as a sounding Board for the Chairman;
  - (ii) To represent the other Non-Executive Directors and to provide leadership and advice to the Board;
  - (iii) To act as a point of contact for shareholders and other stakeholders whereby any concerns may be conveyed;
  - (iv) To act as the independent channel for whistleblowers to direct reports/complaints as identified in the Company's Whistleblowing Policy; and
  - (v) To ensure the effective implementation of the Company's Whistleblowing Policy.

### 6.7. The role of Sustainability Sponsor

- (a) The Sustainability Sponsor (Sponsor) assumes the responsibility in providing guidance to the Board and Management in developing the Sustainability strategy of the Group. The Sponsor is also responsible to provide oversight and advice to the Board and Management in respect of integration of Sustainability aspects into the Group's business strategies and operations, as well as to act as an advocate for Sustainability, both within the Organisation and externally.
- (b) The specific responsibilities of the Sponsor include;
- (i) **Sustainability Strategy**
    - To advise the Board and Management on the development of a suitable and effective Sustainability strategy, taking into account current and emerging sustainability risks and the material issues of the Group's key stakeholders, including key Environmental, Economic and Social issues; and
    - To provide guidance to the Board and Management in respect of the implementation of the Sustainability strategy as approved by the Board.
  - (ii) **Sustainability Integration**
    - To advise the Board and Management on the integration of Sustainability considerations into the business strategies of the Group; and
    - To encourage a proactive culture of Sustainability such that Sustainability considerations are applied and embedded in the day-to-day business and operational activities.
  - (iii) **Sustainability Advocacy**
    - To champion awareness, understanding and capability building in terms of Sustainability at Board and Management levels; and
    - To act as a senior champion and advocate of Sustainability for the Group, both internally and with external parties.

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**6.8. The role of Group CEO/ED**

- (a) The Group CEO/ED assumes the overall responsibility for the implementation of the Group's strategy and in carrying out the Board's directions, managing the businesses of the Group and driving performance within strategic goals and commercial objectives. The Group CEO/ED leads the management team in carrying out the corporate strategy and vision of the Group. As Group CEO/ED, he is accountable to the Board for the day-to-day management and operations of the Group's business.
  
- (b) The specific responsibilities of the Group CEO/ED include;
  - (i) Developing strategic direction;
  - (ii) Ensuring strategies and corporate policies are effectively implemented;
  - (iii) Ensuring Board decisions are implemented and Board directions are responded to;
  - (iv) Providing directions in the implementation of short and long term business plans;
  - (v) Providing strong leadership that is, effectively communicating a vision, management philosophy and business strategy to the employees;
  - (vi) Keeping the Board fully informed of all important aspects of the Group's operations and ensuring sufficient information is distributed to Board members;
  - (vii) Ensuring the day-to-day business affairs of the Group are effectively managed;
  - (viii) Develop CEO Focus Areas annually including quantitative targets such as Return on Equity, Total Shareholder Return, Dividend Policy, Loan Growth, Deposit Growth among others;
  - (ix) Together with the Board sets objective, visions, targets and strategic direction of the Group; and
  - (x) Together with management sets corporate theme and corporate tagline for the Group.

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## BOARD CHARTER

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- (c) A Chief Executive Officer of a Licensed Institution shall have his/her principal or only place of residence within Malaysia and devote the whole of his/her professional time to the service of the Licensed Institution.

 Section 55(3), FSA 2013  
Section 64(3), IFSA 2013

### 7. APPOINTMENT, RE-ELECTION/RE-APPOINTMENT AND REMOVAL OF OFFICE

7.1. The Board shall consider and decide on the appointment of a new director upon appropriate recommendation from the Group Nomination and Remuneration Committee. Details on conduct and evaluation are provided in the Group Nomination and Remuneration Committee Terms of Reference.

7.2. For the assessment and selection of Directors, the Group Nomination and Remuneration Committee shall consider the following factors from prospective Directors’:

 Paragraph 2.20A,  
MMLR

- (a) skills, knowledge, expertise and experience;
- (b) contribution and performance;
- (c) character, professionalism and integrity;
- (d) number of directorships and other external obligations which may affect the Director’s commitment, including time commitment and value contribution; and
- (e) in the case of candidates for the position of Independent Director, the Committee shall also evaluate the candidates’ ability to discharge such responsibilities/functions as expected by Independent Directors.

7.3. One-third (1/3) of the Board members are required to retire at every Annual General Meeting and be subjected to re-election by shareholders.

 Paragraph 2.20A,  
MMLR

7.4. Newly appointed Directors shall hold office until the next Annual General Meeting and shall be subjected to re-election by the shareholders.

7.5. The appointment and re-appointment of Directors are subject to Bank Negara Malaysia’s vetting and prior approval.

 Section 54(2)(a), FSA 2013, Section 63(2)(a), IFSA 2013

7.6. Directors whose tenure has expired and is being proposed for reappointment must immediately cease to hold office and act in such capacity, including by participating in board meetings or holding themselves out as a director.

 Paragraph 10.11 (b),  
BNM CG Policv 2016

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## BOARD CHARTER

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- 7.7. Any Director shall not be considered fit for directorship if the Director:
- (a) has been convicted by a court of law, whether in Malaysia or elsewhere, of an offence in connection with the promotion, formation or Management of a Company;
  - (b) has been convicted by a court of law, involving fraud or dishonesty where the conviction involved a finding that the Director acted fraudulently or dishonestly; and /or
  - (c) has been convicted by a court of law of an offence under the securities laws of Malaysia or the Companies Act, 2016, within a period of 5 years from the date of conviction or if sentenced to imprisonment, from the date of release from prison.
- 7.8. The office of Director shall, ipso facto, be vacated if the director:
- (a) ceases to be a Director by virtue of the Companies Act, 2016;
  - (b) becomes bankrupt or makes any arrangement or composition with his/her creditors generally during his/her term of office;
  - (c) becomes prohibited from being a Director by reason of any order made under the Companies Act, 2016 or contravenes Section 198 of the Companies Act, 2016;
  - (d) a charge for a criminal offence relating to dishonesty or fraud under any written law or the law of any country, territory or place outside Malaysia, has been proven against the Director;
  - (e) an order of detention, supervision, or deportation has been made against the Director or any form of restriction or supervision by bond or otherwise, has been imposed under any law relating to prevention of crime, drug trafficking or immigration
  - (f) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental disorder during his/her term of office;
  - (g) resign his/her office by notice in writing to the Company;

 Section 59(2)(b), FSA 2013, Section 68(1) (b), IFSA Act 2013

 Section 59(2)(d), FSA 2013, Section 68(1)(d), IFSA 2013

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## BOARD CHARTER

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- (h) removed from his/her office of Director by resolution of the Company in General Meeting of which special notice has been given;
  - (i) is absent from more than 50% of the total Board meetings held during a financial year unless approval is sought or obtained from Bursa Malaysia.
- 7.9. Individuals who are active in politics cannot be appointed as directors of Licensed Institutions in order to avoid the risk of politicians encountering conflict of interest situations between their role as directors of a Licensed Institution and obligations to their constituents. A person is considered active if he is a Member of Parliament, State Assemblyman, and Supreme Council Member of a political party or member who holds a position at divisional level in a political party.
- 7.10. Where a firm has been appointed as the external auditor of CIMB, its subsidiaries or any related corporations of CIMB, any of its officers directly involved in the engagement and any partner of the firm must not be appointed as a Director until at least two years after-
  - (a) that person ceases to be an officer or partner of that firm; or
  - (b) the firm last served as an auditor of CIMB, its subsidiaries or any related corporations of CIMB.
- 7.11. Where a Director is removed from office, CIMB must forward to Bursa Malaysia a copy of any written representations made by the Director at the same time as copies of such representations are sent to shareholders/Management of CIMB under Section 207(3)(b) of the Companies Act, 2016.
- 7.12. Non-Executive Directors shall receive a formal letter of appointment setting out clearly what is expected of them in terms of their roles and responsibilities as well as time commitment expected, together with relevant Board and Company related documents (e.g. the Board Charter, the Board Committees' TORs, the Code of Conduct and the Whistle-blowing policy)

 Paragraph 10.4,  
BNM CG Policy 2016

 Paragraph 10.4,  
BNM CG Policy 2016

## 8. COMPANY SECRETARY

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## BOARD CHARTER

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8.1. The Board shall ensure it is supported by a suitably qualified and competent Company Secretary, who shall, at minimum, meet the requirements of the Companies Act, 2016.

 Section 235(2),  
CA 2016

8.2. The Board shall appoint a Company Secretary. Appointment and removal of the Company Secretary shall be subject to the Board's approval. The Company Secretary shall also be the Company Secretary of CIMB Group.

 Recommendation 1.6,  
MCCG 2012

8.3. The Company Secretary is responsible for the co-ordination of all Board business, including agendas, board papers, minutes, communication with regulatory bodies and all statutory and other filings. Dissemination and observance of the Board process must accord to Section 16 of this Board Charter.

8.4. All Directors shall have direct access to the Company Secretary. The Company Secretary is expected to provide unimpeded advice and services to the Directors, as and when the need arises, to enhance the effective functioning of the Board and to ensure regulatory compliance.

8.5. The primary responsibilities of the Company Secretary include:

- (a) ensuring that Board procedures and applicable rules are observed;
- (b) maintaining records of the Board and Board Committees and its respective meetings and ensuring effective management of the Company's records;
- (c) preparing comprehensive minutes to document Board proceedings and ensure conclusions are accurately recorded;
- (d) timely dissemination of information relevant to Directors' roles and functions and keeping them updated on new or evolving regulatory requirement;
- (e) carrying out other functions as deemed appropriate by the Board from time to time.
- (f) assisting the Board with interpreting legal and regulatory acts related to the listing rules and international regulations and developments; and
- (g) advising the Board on its obligatory requirements to disclose material information to the shareholders and financial markets on a timely basis.

## 9. AUTHORITY

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## BOARD CHARTER

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9.1. The Board shall have the following authority to:

- (a) investigate any activity or matter within its Board Charter;
- (b) acquire the resources which are required to perform its duties;
- (c) have full and unrestricted access to anyone in the Company or Group in order to conduct any investigation and to obtain any information pertaining to the Company or Group, including access to the Company auditors and consultants, relevant to the furtherance of the Board's duties and responsibilities;
- (d) obtain relevant internal and external independent professional advice or other advice to assist the Board in performing its responsibilities and duties, at the expense of the Company and in accordance to the authority delegated to the Committee; and
- (e) meet exclusively among itself, whenever deemed necessary.

 Recommendation 1.5, MCGG 2012

 Recommendation 1.5, MCGG 2012, Paragraph 9.7, BNM CG Policy 2016

9.2. The Group had established a formal procedure for Directors to consult advisers and independent advice in legal, financial, governance or other expert advice in the course of their duties, as follows;

- (a) A Director may speak to the Chairman or the Senior Independent Director on the request, providing the following details:
  - i. the nature of the independent advice;
  - ii. the likely cost of seeking the independent advice; and
  - iii. details of the independent adviser proposed.
- (b) The Chairman or Senior Independent Director will consult the Group Company Secretary whether the request should go directly to the Board of Directors or whether it warrants a thorough feasibility study in accordance with relevant CIMB policies.
- (c) Depending on the complexity of the request, the Group Company Secretary will initiate the process to engage the required advisors.
- (d) A copy of the report or independent advice will be made available to the Chairman, and if deemed

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## BOARD CHARTER

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appropriate, be circulated to the Board of Directors for deliberation.

- (e) All documentation seeking the independent advice must clearly state that advice is sought for the benefit of CIMB and must not concern matters of a personal or private nature to the Director or any other individual.

### 10. ROLE AND DELEGATION TO MANAGEMENT

- 10.1. The Board is responsible for the approval of strategic objectives for the business, as developed by the Group CEO/ED, and the Group CEO/ED is responsible for the achievement of the planned results for the CIMB Group.
- 10.2. Management of the CIMB Group's day to day operation is undertaken by the Group CEO/ED, subject to the specified delegations of authority as approved by the Board.
- 10.3. Any matters or transactions beyond the delegation of authority of the Group CEO/ED must be referred to the CIMB Board for approval.

### 11. DELEGATION TO SUBSIDIARY BOARDS, COMMITTEES AND BOARD MEMBERS

- 11.1. The Board delegates the oversight and stewardship of the following businesses and functions to specific Boards, Committees and Directors within the Group:
  - (a) The Group's Islamic banking business to the Board of CIMB Islamic Bank Berhad. This includes delegation of the Group's Shariah compliance to CIMB Islamic Bank Berhad's Shariah Committee.
  - (b) The Group's securities-related businesses to the Board of CIMB Investment Bank Berhad.
  - (c) The Reporting of the Group's compliance matters and the evaluation of the effectiveness of the Group's compliance function to the Board Risk and Compliance Committee.
  - (d) The Sustainability strategy and its implementation to the Sustainability Sponsor.



Section 30(2),  
IFSA 2013



Paragraph 8.4,  
BNM CG Policy

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## BOARD CHARTER

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- 11.2. These Boards and Committees operate within clearly defined roles and responsibilities as set out in their respective Terms of Reference.

### 12. BOARD COMMITTEES

- 12.1. The Board has established Committees to assist the Board in exercising its roles and responsibilities.

- 12.2. The standing Board Committees are:

- (a) Audit Committee;

The key responsibilities of the Audit Committee are to ensure high corporate governance practices whilst providing insight on the Group's financial reporting, disclosure, regulatory compliance, risk management and monitoring of internal control processes within the Group. The Audit Committee meets regularly to amongst others, review the quarterly results, full year financial statements, audit reports which include observations pertaining to risk management and internal controls, as well as related party transactions. In the event of any vacancy in the Audit Committee that results in non-compliance with the listing requirements, that vacancy must be filled within 3 months.

 Paragraph 15.19,  
MMLR

The Audit Committee reports to the Board every financial Quarter on work carried out, key deliberations and decisions taken on delegated matters.

 Paragraph 12.8(b)  
BNM CG Policy

- (b) Board Risk and Compliance Committee;

The primary responsibility of the Board Risk Committee is to ensure that the integrated risk management functions within the Group are effectively discharged. The Board Risk Committee assists the Board in, among others, formulating and reviewing the risk strategy of the organisation, approving and reviewing Group risk management policies, setting risk appetite, reviewing risk profile and ensuring a "risk-awareness" culture is embedded in the Group.

The Board Risk and Compliance Committee reports to the Board every financial Quarter on work carried out, key deliberations and decisions taken on delegated matters.

 Paragraph 12.8(b)  
BNM CG Policy

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(c) Group Nomination and Remuneration Committee ;

The Group Nomination and Remuneration Committee reviews the procedure for appointment of Directors, Board Committees and Senior Management of the licensed entities of the Group and their remuneration package. It also oversees the remuneration package of Material Risk Takers of the Group and undertakes assessment of individual Directors and Board Shariah Committee Members who are eligible for new appointment and re-appointment, prior to submission to regulators for approval.

The Group Nomination and Remuneration Committee reports to the Board periodically or as and when required on work undertaken, key deliberations and decisions taken on delegated matters.

 Paragraph 12.8(b)  
BNM CG Policy

12.3. The Audit Committee, Board Risk and Compliance Committee and the Group Nomination and Remuneration Committee must:

 Paragraph 12.3,  
BNM CG Policy

- (a) have at least three directors;
- (b) have a majority of Independent Directors;
- (c) be chaired by an Independent Director;
- (d) not be chaired by the Chairman of the Board; and
- (e) comprise Directors who have the skills, knowledge and experience relevant to the responsibilities of the Board committee.

12.4. The Audit Committee and Board Risk and Compliance Committee must not have any Executive Director in its membership.

 Paragraph 12.5,  
BNM CG Policy

12.5. The Audit Committee must not appoint former key audit partner as its member unless the former key partner has observed a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

12.6. The Board may establish additional Board Committees from time to time to consider matters of special importance or to exercise the delegated authority of the Board.

12.7. The Board shall approve the Terms of Reference of the standing and additional Board Committees, which shall set out the roles and responsibilities of each Committee, having

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regard to its membership and composition against skills and experience.

- 12.8. The existence of the Board Committees and Subsidiary Boards does not diminish the CIMB Board's ultimate responsibility over the functions and duties of these Board Committees and Subsidiary Boards.

 Paragraph 8.4 and 12.7,  
BNM CG Policy

### 13. MEETINGS

- 13.1. Directors must devote sufficient time to prepare for and attend board meetings, and maintain a sound understanding of the business.

 Paragraph 9.2,  
BNM CG Policy 2016

#### 13.2. Frequency and Attendance

- (a) The Board shall meet sufficiently regularly to discharge its duties effectively. The Board shall have at least six (6) regularly scheduled meetings in each financial year, or more frequently as circumstances dictate, at least once every two months.
- (b) The Chairman is responsible, in consultation with the Group CEO/ED and the Group Company Secretary, for the conduct of all Board meetings. This includes being satisfied that the agenda items are comprehensive, appropriate and ensure that recommendations fit within the strategic direction set by the Board.
- (c) In addition to the regular scheduled meetings, the Chairman shall call a meeting of the Board if so requested by any member of the Board. Resolutions of the Directors at a meeting or adjourned meeting of the Directors shall be adopted by a majority of votes of all Directors present. In the event matters requiring Board's decision arise between meetings, such matters shall be resolved through circular resolution which shall be supported by relevant papers setting out details of the subject matters. The Board members may obtain more information from Management and express their views or points by facsimile, electronic mail or any other means of telecommunication before arriving at a decision on the subject matter. All such resolutions shall be submitted for confirmation at a meeting of the Board following the passing of the circular resolutions.
- (d) If a member of the Board is unable to be physically present, the member may choose to participate via telepresence or tele-conferencing. The member,

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however, must ensure that his/her physical attendance must be 60% of scheduled Board meetings at all times.

- (e) A Director must attend at least 75% of the Board meetings held in each financial year.
- (f) Members of Senior Management may be invited to attend selected Board meetings, but not necessarily for the full duration of the meeting.



Paragraph 9.3,  
BNM CG Policy 2016

### 13.3. Notice and Agenda

- (a) Unless otherwise determined by the Directors, seven (7) days' notice of all Board meeting shall be given to all Directors, except in the case of an emergency, where reasonable notice of the meeting shall be sufficient.
- (b) The Chairman shall ensure that proper agenda is prepared for the Board meeting.
- (c) The Chairman, in conjunction with the Group Company Secretary, shall assess the type of information needed to be supplied to the Board and the contents of the agenda. The agenda shall include, amongst others, matters specifically reserved for the Board's decision.
- (d) The agenda and relevant papers for the Board meeting must be issued at least five (5) days prior to each of the Board meeting to allow sufficient time for Directors to consider the relevant information.

### 13.4. Quorum

- (a) In order to form a quorum for the meeting, at least 75% of the members of the Board must be present at the meeting, of which one must be an Independent Director.
- (b) In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.

### 13.5. Minutes

- (a) The discussions and conclusions of the Board meetings shall be minuted, in a clear, accurate, consistent, complete and timely manner. The minutes shall record the decisions of the Board, including key deliberations, rationale for each decision made, and any significant concerns or dissenting views. The



Paragraph 9.6, BNM CG  
Policy

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minutes must indicate whether any Director abstained from voting or excused himself from deliberating on a particular matter.

- (b) The draft minutes shall be tabled at the following meeting for confirmation and signing.
- (c) The minutes shall be entered into the minutes Register kept by the Group Company Secretary together with the attendance sheet.
- (d) Keeping of the minutes must comply with the requirements of relevant law and regulations, for example Companies Act, 2016 and Income Tax Act, 1967.
- (e) Reproduction of any part of the minutes can only be performed through/by the Group Company Secretary.

### 14. DIRECTORS' DEVELOPMENT

14.1. Directors must maintain a sound understanding of the businesses of the financial institutions within the Group as well as relevant market and regulatory developments. This must include a commitment to on-going education.



Paragraph 9.2,  
BNM CG Policy,  
Recommendation 4.2,  
MCCG 2012

#### 14.2. Directors Induction

- (a) The objective of the induction process and training programme is to provide Directors with a rapid and clear insight into the Group as well as keeping them abreast with development in the market place pertaining to the oversight function of Directors. This enables the Directors to discharge their duties and responsibilities effectively.
- (b) Induction of Directors may include the following;
  - (i) time with other Directors to enable further insights and knowledge of the Company, in particular the Chairman and the Group Company Secretary;
  - (ii) furnishing of a copy of the previous Board minutes for at least the past six (6) months;
  - (iii) visits to key operational sites within the Group;
  - (iv) attendance at additional Board or Board Committee meetings as circumstances warrant

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during a given year. As in-depth knowledge of the particulars of the Company's/Group's business is vital for each Director. Management is encouraged to structure Board or Board Committee meetings to allow direct involvement and review of operational activities; and

- (v) a formal one (1) to two (2) day induction programme, including the element above, and also presentations by key management personnel
- 14.3. Directors are strongly encouraged to undergo training to equip themselves to effectively discharge their duties as a Director and for that purpose he/she ensures that he/she attends such training programme.
- 14.4. Directors are required to undergo the Mandatory Accreditation Programme under the requirements of Bursa Malaysia at least once after being appointed on the Board of a Public Listed Company.
- 14.5. Coordinated by the Group Nomination and Remuneration Committee, the Board collectively, shall discuss and assess the training needs of each Director and to decide on the type of training that may be required for effective and efficient discharge of Directors' duties and responsibilities.
- 14.6. The Group Nomination and Remuneration Committee in association with the Chairman shall decide on the continuous education training programme for Directors.
- 14.7. There should be a budget tabled by Management for the Director's on-going development. The costs of the Mandatory Accreditation Programme and/or Continuing Education Programme shall be borne by the Company.
- 14.8. All trainings attended by Directors must be disclosed in the Annual Report. In special circumstances, valid justifications for non-attendance at any training by Directors for the financial year must also be disclosed.

 Paragraph 15.08(2),  
MMLR

 Paragraph 13.3,  
BNM CG Policy 2016

 Paragraph 15.08(3),  
MMLR

## 15. DIRECTOR'S EXTERNAL COMMITMENT

- 15.1. Directors shall devote sufficient time to carry out their responsibilities. All Directors are expected to commit time as and when required to discharge his/her duties and responsibilities, besides attending meetings of the Board and Board Committees.

 Recommendation 4.1,  
MCCG 2012

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15.2. Directors shall notify the Chairman before accepting any new directorships and the notification shall provide for an indication of time that will be spent on the new appointment.

15.3. A Director of the Company or Group shall not hold more than the maximum limit of directorships in public listed companies as stated in the following table:

 Paragraph 15.06, MMLR Paragraph 10.3 BNM CG Policy

No.	Designation	Maximum Limit
1.	Member of Board/Committee	5
2.	Senior Independent Director	4
3.	Chair of Board	4
4.	Chair of Audit Committee/Board Risk Committee	4
5.	Chair of other Committees	5
6.	Any combination of 2,3 and 4	3

15.4. A Director of the Company or Group shall not hold more than fifteen (15) external professional commitments on board of trustees, advisory boards and board of directors of non-public listed companies. Companies within the same Group are considered as one (1) for this purpose. External memberships on boards that relate to the industry, market and nation building are also excluded.

15.5. Notwithstanding paragraph 15.3 and 15.4 above, Directors are expected to self-assess their ability to commit to any external professional commitments based on the complexity of their current responsibilities within the Group.

15.6. Directors who hold CEO/MD positions on other Boards will not be considered for the roles of Chairman or member of Board Committees.

15.7. CEO/ED of a licensed institution must devote the whole of his professional time to the service of the financial institution. Bank Negara Malaysia may allow a CEO/ED to assume a position of responsibility outside the financial institution if the Bank is satisfied that the proposed position does not:

- (a) Create substantial conflicts of interest or demands on the CEO/ED's professional time; and
- (b) Result in the CEO holding directorships in more than five (5) entities other than the financial institution.

The CEO/ED of a Licensed Institution is allowed to hold a non-executive position in a professional body, industry association,

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## BOARD CHARTER

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statutory body, charitable body or other non-commercial public-interest entity and the number of such position will not be taken into account in computing the maximum limit of five (5).

### 16. RELATIONSHIP WITH SHAREHOLDERS AND STAKEHOLDERS

The Board shall maintain an effective Communications Policy that enables both the Board and Management to communicate effectively with shareholders, stakeholders and the general public.

 Recommendation 1.2,  
MCCG 2012

16.1. It is the role of the Board to ensure that the Annual General Meeting (“AGM”) and Extraordinary General Meeting (“EGM”) of the Company are conducted in an efficient manner and serve as crucial mechanisms in shareholder communications. Key ingredients behind this include the supply of comprehensive and timely information to shareholders and the encouragement of active participation at the AGM and EGM. The Board shall focus its efforts on the following practices to enhance the effectiveness of General Meeting:

- (a) ensure that each item of special business included in the notice is accompanied by a full explanation of the effects of the proposed resolutions;
- (b) for re-election and re-appointment of Directors, ensure that the notice of meeting states which Directors are standing for re-appointment or re-election, with a brief description including matters such as age, relevant experience, list of directorships, date of appointments to the Board, details of participation in Board Committees and whether a particular Director is independent;
- (c) ensure that the Chairman provides reasonable time for discussion at the meeting. Where appropriate, the Chairman shall also undertake to provide the enquirer with a written answer to any significant question which cannot be answered immediately;
- (d) ensure that resolutions are conducted by poll, and announce the detailed results the votes cast for and against each resolution, and appoint a scrutineer to validate the votes cast.
- (e) ensure that there is a channel of communication through the Group Company Secretary on feedback and queries from shareholders;

 Paragraph 8.29A,  
Listing Requirements &  
Recommendation 8.2,  
MCCG 2012 Recommendation 8.1,  
MCCG 2012

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- (f) ensure the Chairman of the Board is the Chairman for all General Meetings; and
  - (g) ensure that the Company publishes these measures as listed above, on its corporate website in a dedicated Corporate Governance section.
- 16.2 It is the role of the Board to ensure that there is effective communication between the Board and Management with stakeholders (other than shareholders), including the following:
- (a) ensure that external stakeholders including customers, business partners, suppliers, regulators, local communities, non-governmental organisations and the general public are engaged on material issues concerning them;
  - (b) ensure that external stakeholders are able to communicate confidentially and anonymously on any breaches of Company's codes and policies, including corruption and breaches of human rights;
  - (c) ensure that grievance mechanisms are in place for stakeholders that are impacted by the Group's business activities.

## 17. REPRESENTATION OF THE COMPANY

- 17.1. The Board shall have the relevant corporate disclosure policies and procedures to ensure comprehensive, accuracy and timelines in managing communication of information to investors, other stakeholders and the public orderly and effectively, while adhering to relevant laws and regulatory requirements. These policies and procedures shall ensure compliance with the relevant disclosure requirements as enumerated in the Listing Requirements.
- 17.2. The Company shall consider the use of information technology in communicating with stakeholders, including a dedicated section for Investor Relations in the corporate website. This section shall provide information such as, amongst others, the Group's performance, corporate strategy and other matters affecting shareholders' interests. The Company's dedicated section for corporate governance shall include information such as the Board Charter, rights of shareholders and the Annual Report.

 Recommendation 7.1,  
1.53. M

 Recommendation 7.2,  
MCCG 2012

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**18. BOARD PERFORMANCE**

- 18.1. On an annual basis, the Board, with the assistance of the Group Nomination and Remuneration Committee, shall evaluate its own performance and the extent to which the Board has met the requirements of its Board Charter, including the assessment on the Board as a whole, Board Committees and individual Directors (“Board Effectiveness Assessment”). Reference shall be made to the Group Nomination and Remuneration Committee Terms of Reference for specific details.
- 18.2. The Board shall appoint an independent external party at least once every three years, to conduct the evaluation in part or in whole. The external party is required to report its findings to the Chairman of the Board, and if deemed suitable, the whole Board.



Recommendation 2.2,  
MCCG 2012 &  
Paragraph 15.08A(3),  
MMLR



Paragraph 13.2,  
BNM CG Policy 2016

**19. ETHICAL STANDARDS**

- 19.1. Board members are expected to observe the highest standards of ethical behaviour.
- 19.2. The CIMB Group Code of Conduct shall be read in conjunction with this Board Charter.
- 19.3. The Board supports and encourages policies within CIMB Group which require Directors and employees to observe high standards of personal integrity and display honesty in their dealings.
- 19.4. All members of the Board shall safeguard all internal communications and treat them as strictly private and confidential, and for the use of Board members only unless officially published.

**20. CONFLICTS OF INTEREST & RELATED PARTY TRANSACTIONS**

- 20.1. Directors are expected to avoid any action, positions or interest that conflicts with an interest of the CIMB Group, or gives the appearance of a conflict.

A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare the Director’s interest in accordance with the Companies Act 2016.



Section 221(1)  
Companies Act 2016

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- 20.2. Should there be an actual, potential or perceived conflict of interest between the Company or a related corporation and a Director, or an associate of a Director such as a spouse or other family members, the Director involved shall make full disclosure and act honestly in the best interest of the Company and Group.
- 20.3. The Company Secretary shall maintain a register of dealings in securities and declarations of interest by Directors and report them to the Board as necessary.
- 20.4. Related party transactions, which include any financial transaction and/or conflict of interests between a Director or officer and the Group, shall be reported at each Board meeting.
- 20.5. An existing or proposed transaction or arrangement will be considered “material” if it is one which a Director is required to declare under section 221 of the Companies Act 2016, unless the Director or any person linked to him cannot reasonably be expected to derive a benefit or suffer a detriment from the transaction or arrangement in a way that will place the Director in a position of conflict
- 20.6. Any interested Director must make disclosure by way of written notice to all members of the Board and the Company Secretary-
- (a) as soon as practicable after being aware of their interest in the material transaction or arrangement; and
  - (b) if the material transaction or arrangement is being deliberated at a Board meeting, before the commencement of that deliberation.
- 20.7. The Company Secretary shall facilitate the Directors’ annual Independence and Conflict of Interest Declarations, which allow the Directors to perform an annual self-declaration on Independence (i.e. for Independent Directors) and conflict of interest (i.e. for all Directors). This exercise may constitute part of the Board Effectiveness Assessment.



Paragraph 14.3(a),  
BNM CG Policy 2016



Paragraph 14.3(b),  
BNM CG Policy 2016



Recommendation 3.1,  
MCCG 2012

## 21. POLICY

- 21.1. Clearly documented internal policies of all business units are approved by the Board for application across the Group. The policies serve as day-to-day operational guides to ensure compliance with internal controls and applicable law and regulations.

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21.2. The policies are reviewed and updated at least once in every 2 years or as and when necessary, to ensure continuous improvements in operational efficiency taking into consideration the changing industry profile on regulatory requirements, risks and internal control measures for mitigation, and new products and services. The policies are made available to all relevant employees via the Group's intranet.

## **22. ENVIRONMENT, HEALTH AND SAFETY**

22.1. The Group is committed to providing a workplace that protects employees' safety and promotes their health and well-being. Social Responsibility, Performance and Value Creation are among the Group's Values that underpin its commitment to providing a healthier, safer and more conducive environment for our employees, customers and society in general.

## **23. CORPORATE RESPONSIBILITY**

23.1. The Group has established CIMB Foundation, a non-profit organisation limited by guarantee, where CIMB Group will make financial contributions to the Foundation for the sole purpose of implementing CIMB Group's corporate responsibility initiatives and philanthropic activities. The objectives of CIMB Foundation are to:

- (a) Support the development and empowerment of communities;
- (b) Identify and implement quality projects within the key areas of focus, giving priority to those that are sustainable;
- (c) Build local capacity and have measurable and realistic outcomes, and build meaningful relationships and strategic partnerships with communities and key stakeholders in achieving the Foundation's vision; and
- (d) Realise CIMB Group's commitment to be a responsible corporate citizen, with active participation of its employees.

The focus areas which the Foundation supports are in Community Development, Sports and Education, in line with the Group's strategy and the United Nations' Sustainable Development Goals.

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**BOARD CHARTER**

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**24. REVIEW OF THE COMMITTEE TERMS OF REFERENCE**

24.1. The Committee's Terms of Reference shall be reviewed periodically, once every three (3) years or as and when necessary. This review shall be facilitated by the Group Company Secretary, the Group Chief Compliance Officer, the Group Chief Risk Officer and the Group Chief Internal Auditor, where relevant.

 Recommendation 1.7,  
MCCG 2012**25. REVIEW OF BOARD CHARTER**

25.1. The Board Charter shall be reviewed periodically, especially when there are changes to the Listing Requirements, the Malaysian Code on Corporate Governance and Companies Act, 2016 or at least once every three (3) years. This review shall be facilitated by the Group Company Secretary, the Group Chief Compliance Officer, the Group Chief Risk Officer and the Group Chief Internal Auditor.

25.2. The Board shall periodically review and update the Board Charter in accordance with the needs of the Company and Group and any new regulations that may have impact on the discharge of the Board's responsibilities.

25.3. Any updates to the principles and practices set out in this Board Charter shall be made available on the corporate website.

**APPENDIX**

**Senior Management** refers to the direct reports of the Group CEO/ED as identified below:

- CEOs of business divisions;
- Country CEOs;
- Group Chief Operating Officer;
- Group Strategy and Design Officer;
- Group Chief People Officer;
- Group Chief Compliance and Legal Officer;
- Group Chief Risk Officer;
- Group Chief Internal Auditor; and
- Group Company Secretary.