



CIMB Group Holdings Berhad

BOARD CHARTER

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1. INTRODUCTION

- 1.1. This Board Charter serves as a guide for the Board of CIMB Group Holdings Berhad (referred to as “the Group” or “the Company”) in discharging its stewardship role and functions. The Charter outlines, amongst others, the governance structure as well as the role and responsibilities (both individually and collectively) of the Board, the Directors and the Board Committees in setting the direction and in the management and control of the organisation.
- 1.2. The Board Charter should be read in conjunction with other corporate governance frameworks, policies, and guidelines in force, ensuring compliance with all applicable rules and regulations. This includes Laws, guidelines, circulars issued by relevant authorities such as Bank Negara Malaysia (BNM), the Securities Commission Malaysia (SC) and Bursa Malaysia Securities Berhad (Bursa Malaysia). In case of any conflicts, the governing Laws, guidelines, and policies will prevail.

2. BOARD COMPOSITION

In determining the optimum number of Directors on the Board, the Board considers factors such as the scale and complexity of its operations, the collective skills and expertise needed to support strategic oversight, regulatory and governance requirements, and the importance of diversity in experience, ethnicity, gender and age as well as independence.

The Board also seeks to maintain an optimal size that fosters active engagement, balanced perspectives, and efficient decision-making, while ensuring effective succession planning to meet future needs.

2.1. Board Size

The Board shall comprise no less than three (3) and no more than twelve (12) Members.

2.2. Independent Director

The Board shall comprise a majority of Independent Directors at all times.

2.3. Executive Director

The Board shall not have more than one (1) Executive Director (ED) but may have only up to two (2) EDs under exceptional circumstances and subject to BNM’s approval.

2.4. Board Chairperson

The Chairperson of the Board must not be an ED and must not have served as the Group Chief Executive Officer (CEO)/ED in the past five (5) years.

2.5. Senior Independent Director

The Board may appoint a Senior Independent Director (SID) from amongst its Members who shall act as a point of contact for Independent Directors and shareholders.

3. BOARD APPOINTMENTS

- 3.1. The Board has in place a formal and transparent process for the appointment of Directors to the Board, which is overseen by the Group Nomination & Remuneration Committee (GNRC).
- 3.2. The GNRC is responsible for conducting a thorough assessment of the candidate's qualifications, experience, external commitments and suitability for the role before making its recommendation to the Board. Further details regarding the procedures for nomination, evaluation criteria, and conduct of the GNRC are outlined in its Terms of Reference (TOR).
- 3.3. The Board has adopted the Board Diversity Framework, which outlines the key principles of board diversity and serves as a platform for determining the optimal composition of the Board, with the aim of achieving a balanced representation whenever possible. Whilst the Board acknowledges the importance of boardroom diversity, appointments to the Board shall always be based on merit. The Board also leverages the Board Composition and Skill Set Framework as a tool to assess current composition, identify gaps in experience and skills, and support succession planning.
- 3.4. The GNRC is also guided by BNM's Policy Document on Fit & Proper Criteria as well as Bursa Malaysia's Main Market Listing Requirements (MMLR) when assessing candidates to ensure that all candidates, whether new or existing, meet stringent requirements related to integrity, competency, financial soundness, and time commitment.
- 3.5. The appointment of a new Director is contingent upon the approval of BNM, with the duration of the appointment determined in accordance with the terms specified in BNM's approval.
- 3.6. For any proposed appointment, re-appointment, or re-election of an Independent Director, the Director must not have any business or other relationship with the Company and the Group that could reasonably be perceived to compromise their ability to exercise objective and independent judgment. Additionally, the Director must meet the independence criteria as outlined in BNM's Policy Document on Corporate Governance and MMLR.
- 3.7. A Director must not be an active politician who is a member of any national/state legislative body or is an office bearer of, or holds any similar position in a political party at its branch level, district level, state level, regional level, national level, or any other similar connotations.
- 3.8. Where a firm has been appointed as the external auditor of the Company, its subsidiaries or any related corporations, any of its officers directly involved in the engagement and any partner of the firm must not serve or be appointed as a Director until at least three (3) 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 the Company, its subsidiaries or related corporations.

For purposes of the foregoing, an officer or a former partner includes those providing advisory services, tax consulting and other related services.

4. PROCEDURES OF THE BOARD

4.1. Frequency of Meetings and Attendance

- 4.1.1. 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.
- 4.1.2. The Board may also convene Special Board meetings as and when necessary to consider urgent proposals or matters that require the Board's expeditious review or consideration.
- 4.1.3. Directors must attend at least 75% of Board meetings held in the financial year, and Directors must not appoint a representative to attend or participate in a Board meeting on his/her behalf.
- 4.1.4. In the event the Chairperson is not present within fifteen (15) minutes after the time appointed for the meeting or is unwilling to act, the Members then present shall elect one (1) among themselves to preside as Chairperson for that meeting.
- 4.1.5. Members of Senior Management may be invited to attend selected Board meetings, but not necessarily for the full duration of the meeting.

4.2. Meeting Mode

- 4.2.1. The Board must ensure that attendance at Board meetings by way other than physical presence remains the exception rather than the norm. If a Director is unable to be physically present, the Director may participate via telepresence or teleconference, subject to the approval of the Chairperson, to safeguard the confidentiality of deliberations.
- 4.2.2. The Board may, from time to time and when deemed appropriate, consider, approve, or recommend relevant matters through a written Circular Resolution. This includes approvals communicated via legible and confirmed transmission methods, including electronic means, in place of convening a formal meeting.

The use of Circular Resolutions should be limited and shall carry the same validity and effect as if passed at a duly convened Board meeting.

4.2.3. Subject to Clause 4.4.3, a Circular Resolution shall only be deemed approved by the Board if it is signed or otherwise accepted by electronic means by majority of the Board Members, save except for proposals relating to matters on connected parties, of which not less than three quarters of the Board Members must approve.

4.2.4. Circular Resolutions that have been passed since the last Board meeting shall be circulated to the Board at the next meeting for notation only.

4.3. Board Meeting Agenda and Materials

4.3.1. The Chairperson, in consultation with the Company Secretary, shall set the agenda for Board meetings and ensure that all relevant issues are included in the agenda.

4.3.2. The agenda and meeting materials shall be circulated to the Board Members at least five (5) calendar days prior to each meeting to provide Directors sufficient time to review and consider the information supplied.

4.4. Quorum and Voting

4.4.1. At least two-thirds (2/3) of the number of Board Members must be present to form a quorum, majority of whom shall be Independent Directors.

4.4.2. All resolutions of the Board shall be adopted by a simple majority vote, with each Board Member having one (1) vote. In case of equality of votes, the Chairperson of the meeting shall have a second or casting vote in accordance with the Company's Constitution.

4.4.3. A Board member is required to abstain from deliberations and voting in respect of any matter that arises, persists or may give rise to an actual, potential or perceived conflict of interest situation.

4.5. Minutes of Meeting

4.5.1. Board meeting minutes must clearly and accurately document decisions, key discussions, reasons for decisions, any dissenting views, and whether any Director abstained or recused themselves from deliberations.

4.5.2. The minutes shall be signed by the Chairperson of the meeting at which the said proceedings were held and shall be kept by the Company Secretary.

4.6. Medical Leave Entitlement

- 4.6.1. Directors shall be entitled to medical leave, and such number of days shall be determined by the GNRC.
- 4.6.2. A Director who is on medical leave, duly certified by a registered medical practitioner, shall notify or make reasonable efforts to notify the Company Secretary. Failing such notification, the Director shall be deemed absent from the meeting. For the purpose of calculating the 75% attendance requirement, any absence due to certified medical leave shall not be taken into account.

5. ROLE AND RESPONSIBILITIES OF THE BOARD

- 5.1. The Board is collectively responsible for the proper stewardship of the Group's business and the creation of long-term value, for shareholders and other stakeholders. The Board's primary responsibilities include:
 - (a) **Direction and Oversight.** The Board provides the overall direction and supervision for the Group's business and affairs.
 - (b) **Strategy Review and Approval.** The Board regularly reviews and approves the Group's overall strategies, business plans, and significant policies.
 - (c) **Core Value and Standard Setting.** The Board sets the Group's core values and adopts standards to ensure ethical conduct and compliance with relevant regulations.
 - (d) **Compliance.** The Board ensures that the Group operates with integrity and adheres to the relevant rules and regulations.
 - (e) **Risk Oversight.** The Board is responsible for overseeing the Group's risk management framework, including the identification, assessment, and mitigation of key risks that may impact the Group's operations, reputation, and long-term objectives.

5.2. Role and Responsibilities

The Board shall assume the following seven (7) principal responsibilities:

- 1. **Review and approve a strategic plan for the Company** – the Board is responsible for the following:
 - (i) Review the Group's strategic direction, including approving corporate exercises and restructuring plans.
 - (ii) Monitor the implementation of the approved strategic plan by Management.
 - (iii) Promote sustainability by taking into account environmental, social and governance (ESG) considerations when developing the Group's business strategies.

2. **Oversee the conduct of the Group's business** – the Board is responsible for the following:
 - (i) Monitor the financial and non-financial performance against approved budgets and targets.
 - (ii) Determine the Dividend Policy as well as the amount, nature and timing of the dividends to be paid.
 - (iii) Review the Group's funding requirements, including significant treasury matters, approval of financing arrangements, cheques and other signatories.
 - (iv) Ensure proper procedures are in place to review and approve the financial statements for timely lodgement with and/or release to the regulators and the market.
3. **Identify principal risks and ensure the implementation of appropriate internal controls and mitigation measures** – the Board is responsible for the following:
 - (i) Determine the Group's overall risk appetite and the level of risk tolerance, actively identify, assess and monitor key business risks to safeguard shareholders' investments as well as the Company's assets and communicate the same to Management.
 - (ii) Assess the Group's major current and emerging risks and oversee that appropriate risk management and internal control procedures are in place.
 - (iii) Review and approve the 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 its wellbeing including the wellbeing of its stakeholders.
 - (iv) Continuously review the Group's internal controls system and ensure its proper implementation.
 - (v) Approve and oversee the implementation of the Group's recovery and resolution as well as business continuity plans where necessary.
 - (vi) Establish an internal audit function to report directly to the Audit Committee (AC).
 - (vii) Select, appoint and terminate the external auditor (including providing relevant recommendations to the shareholders for approval).
 - (viii) Oversee the evaluation of the external auditor's performance and independence conducted by the AC.
 - (ix) Review investigative reports on whistleblowing relating to Senior Management, where deemed necessary by the AC.
4. **Oversee succession planning for the Board and Senior Management** – the Board is responsible for the following:
 - (i) Ensure appropriate succession plan is in place for the Board, Board Committees, and Senior Management and that the plan is regularly reviewed.
 - (ii) Select and appoint the Group CEO/ED based on approved terms of appointment.

- (iii) Deliberate and approve the appointment of Board Members, Members of the Board Committees, and Senior Management as recommended by the GNRC, and regularly monitor their performance.
 - (iv) Deliberate and approve policies for appointments of Members for the Board of CIMB's subsidiaries and appointment of directors representing CIMB on the Board of CIMB's joint venture entities and associate companies.
- 5. **Oversee the development and implementation of a Communications Policy.**
- 6. **Oversee and review the adequacy and implementation of the Group's governance and internal control framework** – the Board is responsible for the following:
 - (i) Deliberate and approve the Group's Compliance Policy and oversee its implementation.
 - (ii) Approve the establishment of a compliance function and the position of the Group Chief Compliance Officer (GCCO), and ensure that they are provided with appropriate standing, authority and independence.
 - (iii) Ensure that compliance matters are deliberated sufficiently and resolved expeditiously at Board meetings.
 - (iv) Evaluate the effectiveness of the Group's overall management of compliance risks at least annually.
 - (v) Together with Management, promote a sound corporate culture within the Group in reinforcing ethical, prudent and professional behaviour.
- 7. **Oversee the development and implementation of a Sustainability framework for the Company** – the Board is responsible for the following:
 - (i) Together with Management, establish a Sustainability framework and strategy in support of the Group's vision, and monitor the effectiveness of the framework and strategy.
 - (ii) Review and approve appropriate Sustainability policies to achieve the objectives of the framework and strategy.
 - (iii) Ensure the institutionalisation of Sustainability within the Group.

5.3. **Formal Schedule of Matters Reserved for the Board**

To ensure the business of the Group is properly governed by the Board, the Board adopts a formal schedule of matters reserved for the Board's deliberation and decision. The following is a list of matters reserved for the Board:

5.3.1. **Business Operations**

- (i) Group's strategy, business plans and activities.
- (ii) Conduct and performance of the Group.
- (iii) Principal risks affecting the Group's business.
- (iv) Group's risk management and internal control systems.

- (v) Investment or divestment of a capital project which represents a significant diversification from the Group's existing business activities.
- (vi) Internal policies and procedures.

5.3.2. **Appointment and Remuneration Matters**

- (i) Appointment and removal of Directors and Directors' emoluments and benefits in accordance with the relevant statutes.
- (ii) Appointment and removal of Company Secretary.
- (iii) Establishment, composition and terms of reference of Board Committees.
- (iv) Appointment, renewal of appointment, remuneration, and compensation of the following:
 - Group CEO/ED;
 - CEO/ED of CIMB Bank Berhad, CIMB Islamic Bank Berhad and CIMB Investment Bank Berhad ("collectively referred to as "the 3 FIs");
 - Senior Management of the Group; and
 - Any other persons that the Board may determine from time to time.
- (v) Appointment and removal of heads of key functions – GCCO and Group Chief Internal Auditor (as determined by the AC).
- (vi) Performance and succession plan and talent management plans for the Group.

5.3.3. **Financial Matters**

- (i) The Group's annual budget.
- (ii) Capital expenditure and/or disposal of capital items sanctioned over and above delegated levels.
- (iii) Dividend Policy and the amount, nature, and timing of payment of dividends.
- (iv) Payment of interim dividends and recommendation of final dividend or other distribution for shareholders' approval.

5.3.4. **Other Matters**

- (i) Issuance of corporate guarantee and indemnity.
- (ii) Updates to the Company's Constitution.
- (iii) Changes to the Company's financial year-end.
- (iv) Recommendation on:
 - Purchase of own shares by the Company; and
 - Issuance of debt instruments.

6. SEPARATION OF ROLE AND RESPONSIBILITIES BETWEEN THE CHAIRPERSON AND THE GROUP CHIEF EXECUTIVE OFFICER/EXECUTIVE DIRECTOR

To ensure balance of authority, increased accountability and a greater capacity for independent decision-making, the roles of Chairperson and Group CEO/ED are distinct and separate with a clear division of responsibilities between the Chairperson and the Group CEO/ED, so that no individual or group dominates the decision-making process.

6.1. The Role of the Chairperson

The Chairperson undertakes a leadership role in the conduct of the Board and its engagement with the shareholders and other stakeholders.

There are two (2) main aspects to the Chairperson's role – the role within the Boardroom and those outside of the Boardroom.

- (i) The role of Chairperson within the Boardroom – the Chairperson's role is to:
 - (a) Ensure the Group's framework, policies and strategies are aligned with the business activities undertaken by the Management and is consistent with the Group's objectives and aspirations.
 - (b) Set the Board agenda in consultation with the Group Company Secretary and ensure Directors receive accurate, timely and precise information to enable them to take accurate and authoritative decisions.
 - (c) Lead and ensure the proceedings of the Board are conducted orderly, that sufficient time is allowed for complex or contentious issues and encourage active engagement by all Board Members.
 - (d) Ensure the Board's decisions are made through consensus (and where consensus cannot be reached, the majority view will prevail).
 - (e) Ensure that any concerns or dissenting opinions raised during meetings, along with the final decisions made, will be appropriately addressed and accurately documented in the minutes of meeting.
 - (f) Guide and mediate the Board's actions with respect to organisational priorities and governance concerns.
 - (g) Evaluate the performance of the Board, Board Committees, and individual Directors annually.
 - (h) Lead efforts in ensuring there is a formal Induction Programme for new Directors and the Board's development needs.
 - (i) Perform other responsibilities, as may be assigned by the Board, from time to time.
- (ii) The role of Chairperson outside the Boardroom – the Chairperson's role is to:
 - (a) Undertake public relations activities including being the spokesperson for the Company at Annual General Meetings.

- (b) Build and maintain sustainable relationships with the shareholders and provide coherent leadership.
- (c) Be the main point of contact between the Board and the Group CEO/ED.
- (d) Be available to the Group CEO/ED to provide necessary support and advice.
- (e) Regularly review progress on important initiatives and significant issues in conjunction with the Group CEO/ED and other relevant key Senior Management.
- (f) Oversee the evaluation of the Group CEO/ED.

6.2. **The Role of the Group Chief Executive Officer/Executive Director**

6.2.1. 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 implementing the Group's corporate strategy and vision. As the Group CEO/ED, he/she is accountable to the Board for the day-to-day management and operations of the Group's business.

- 6.2.2. The Group CEO/ED's primary role and responsibilities include the following:
- (a) In collaboration with the Board, establish the Group's objectives, vision, targets, and strategic direction.
 - (b) Develop the corporate strategies and provide directions in the implementation of short and long-term business plans, taking into account ESG considerations.
 - (c) Ensure strategies and corporate policies are effectively implemented and oversee that they produce the desired outcomes.
 - (d) Ensure Board policies and decisions are implemented, Board directions are responded to appropriately and provide regular updates and strategic recommendations.
 - (e) Ensure the Board is consistently and comprehensively informed about all critical aspects of the Group's operations, and that adequate and timely information is distributed to all Board Members to support effective decision-making.
 - (f) Oversee the day-to-day business affairs and operations across all subsidiaries and business units.
 - (g) Ensure Management Team are highly competent and that there is a strong succession plan in place to maintain smooth and continuous operations.
 - (h) Shape the organisational culture and lead by example through ethical and inclusive leadership.

7. ROLE AND RESPONSIBILITIES OF DIRECTORS

7.1. The Role of Individual Directors

- 7.1.1. Each Director must understand their legal duties, which include acting in good faith, using their powers properly, making independent decisions, and avoiding conflicts of interest or misuse of company resources.
- 7.1.2. In discharging their duties effectively, the Directors are responsible to:
- (a) Ensure that decision-making processes are conducted with due care and deliberation, allowing adequate time for thorough evaluation and consideration of all relevant matters prior to any resolution being made.
 - (b) Actively participate in Board meetings by expressing views openly, seeking clarification, requesting information, or raising any matters of concern with the Board and Management.
 - (c) Exercise independent judgment when making decisions and act strictly in the best interest of the Group and its shareholders and not in the interest of any one (1) shareholder or group of shareholders.
 - (d) Make informed decisions based on the information provided and analysis and recommendations of the Company's independent professional advisers.
 - (e) Make appropriate enquiries to satisfy itself on the integrity and soundness of the internal controls and risk management systems.
 - (f) Maintain confidentiality on Board discussions and deliberations.
 - (g) Raise actual or potential conflict of interests and take reasonable steps to resolve or avoid any actual or potential conflict of interest or duty.
 - (h) Convene supplemental meetings where necessary.
 - (i) Continuously educate themselves to maintain the necessary depth and breadth of knowledge and skills.

7.2. The Role of Non-Executive/Independent Directors

- 7.2.1. Further to Clause 7.1 above, the role of Independent Directors includes providing:
- (a) independent and objective views, assessment, and suggestions in the Board's deliberations; and
 - (b) constructive challenge as well as contribute to the development of the business strategies and direction of the Company and the Group.
- 7.2.2. An Independent Director must not be:
- (a) a substantial shareholder of CIMB Group, its subsidiaries or any related corporations of CIMB;
 - (b) affiliated with a significant customer or supplier of the Company and its subsidiaries;

- (c) involved in any business or relationship which the Board deems may pose an unacceptable conflict of interest to the Company and the Group;
- (d) an ED or an officer of the Company, its subsidiaries or any related corporations within the last three (3) years;
- (e) a family member of any ED, officer, or major shareholder of the Company and its subsidiaries;
- (f) acting as a nominee or a representative of any ED or major shareholder of the Company and its subsidiaries;
- (g) engaged as a professional adviser by the Company and its subsidiaries;
- (h) a partner, director (except as an independent director), advisor or a major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to the Company and its subsidiaries; and
- (i) engaged in any transaction with the Company and its subsidiaries, or presently a partner, director or a major shareholder, as the case may be, of a corporation (other than subsidiaries of the Company) which has been engaged in any transaction.

7.2.3. The Board shall assess the independence of Directors upon appointment and annually through a self-declaration process.

7.3. The Role of the Senior Independent Director

In addition to the role of Chairperson and Group CEO/ED, the Senior Independent Director (SID) plays a crucial role in upholding governance within the Group. The main roles of a SID are:

- (a) to act as a sounding Board for the Chairperson;
- (b) to represent the other Non-Executive Directors/Independent Directors and to provide leadership and advice to the Board;
- (c) to act as a point of contact for shareholders and other stakeholders, whereby any concerns may be conveyed; and
- (d) to ensure the effective implementation of the Group's Whistleblowing Policy and to act as the independent channel for whistle blowers to direct reports/complaints.

8. RE-ELECTION, RE-APPOINTMENT, AND RETIREMENT OF DIRECTORS

8.1. Re-Election of Directors

- 8.1.1. Newly appointed Directors shall hold office until the next Annual General Meeting (AGM), and each Director is required to submit themselves for re-election at regular intervals.
- 8.1.2. In accordance with the Company's Constitution, in every year, one-third (1/3) of Board Members, who have been longest in office since their appointment or last

election, are required to retire by rotation and be subjected to re-election by the shareholders at the AGM.

- 8.1.3. The Board, as recommended by the GNRC, shall consider the following criteria in determining the eligibility of the Directors to stand for re-election, inter-alia:
- (i) the Director's competency in specialised areas of practise and level of contribution to the Board through their knowledge, skills, and expertise;
 - (ii) the level of independence demonstrated by the Directors, and their ability to act in the best interest of the Company;
 - (iii) probity, personal integrity and reputation, where the Directors must have personal qualities such as honesty, integrity, diligence, independence of mind, and fairness; and
 - (iv) financial integrity, where the Director must manage their debts or financial affairs prudently.

8.2. Re-Appointment of Directors

- 8.2.1. The proposed re-appointment of a Director, following the expiry of their current term as previously approved by BNM, is subject to BNM's renewed approval.
- 8.2.2. The GNRC is tasked with evaluating the performance of Directors whose current terms are nearing expiry. The evaluation encompasses criteria such as attendance, contribution at Board and Committee meetings, independence, time commitment, and overall effectiveness in discharging their duties. Based on this assessment, the GNRC submits its recommendation to the Board, which then decides on the submission of the re-appointment application to BNM for approval.

8.3. Retirement, Removal and Resignation of Directors

- 8.3.1. The retirement, removal and/or resignation of a Director shall be governed by the Laws, the Constitution of the Company, as well as the Company's rules, regulations and policies as may be issued from time to time.
- 8.3.2. The Company shall obtain the prior written approval of BNM before effecting the removal or accepting the resignation of any Director.
- 8.3.3. The Company shall, upon the expiry of the then-current term of a Director as previously approved by BNM, notify BNM of the Director's retirement in accordance with applicable regulatory requirements and governance protocols.

9. DIRECTORS' REMUNERATION

The Board has established a Remuneration Framework, which sets out the remuneration structure for all Non-Executive Directors of the Group. The Remuneration Framework is designed to:

- (a) reflect the increasing complexities of the duties, responsibilities, expectations and commitment as well as the work of the Non-Executive Directors, in line with the size and scope of CIMB's activities;
- (b) attract the right talent at the regional and international level to serve the Board and enhance efforts to engender Board diversity; and
- (c) safeguard the independence of the Non-Executive Directors and ensure the effective and efficient discharge of their fiduciary duties and responsibilities.

The Remuneration Framework is subject to review by the Board through the GNRC once every three (3) years.

10. DIRECTOR TENURE LIMITS

- 10.1. The tenure of an Independent Director shall not exceed a cumulative term of nine (9) years.
- 10.2. Upon completion of nine (9) years, an Independent Director may, subject to the GNRC's recommendation and approval of the Board, continue to serve the Board as a Non-Independent Non-Executive Director from the ninth year onwards.
- 10.3. A Director whose tenure has expired and is being proposed for re-appointment must immediately cease to hold office and act in such capacity, including by participating in Board meetings or holding themselves out as a Director.

11. POLICY ON EXTERNAL COMMITMENTS

11.1. Limitation for Directors

- 11.1.1. Directors shall devote sufficient time to discharge their role and responsibilities effectively. All Directors are expected to commit time as and when required, in addition to attending meetings of the Board and Board Committees.
- 11.1.2. Directors must not hold more than five (5) directorships in public listed companies in Malaysia and overseas, and must not hold more than fifteen (15) external professional commitments on the board of trustees, advisory boards and boards 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.

11.1.3. Directors shall consult with the Chairperson prior to accepting any relevant external appointments, such as directorships in listed companies, organisations or associations. Such appointments are subject to the recommendation and approval by the GNRC and the Board, respectively, and must not:

- (a) give rise to any conflict of interest;
- (b) impair the Director's independence;
- (c) pose reputational risks to the Company and the Group; and
- (d) place undue demands on the Director's time that could compromise their ability to attend meetings and fulfil their fiduciary responsibilities to the Company and the Group.

11.1.4. Directors who hold CEO/Managing Director positions on other Boards shall not be considered for the roles of Chairperson or Member of Board Committees.

11.2. Limitations for Group CEO/ED

11.2.1. A Group CEO/ED of a licensed institution must dedicate their full professional time to the institution. BNM may, however, approve them to take on external roles if it is satisfied that the proposed role(s) does not:

- (a) create significant conflicts of interest or interfere with their professional responsibilities/time; and
- (b) result in the Group CEO/ED holding directorships in more than five (5) other entities other than the financial institution.

11.2.2. Non-executive roles in professional bodies, industry associations, statutory or charitable bodies, or other non-commercial public-interest entities are excluded from the five-directorship limit.

12. DELEGATION TO SUBSIDIARY BOARDS AND BOARD COMMITTEES

12.1. Delegation to Subsidiary Boards

12.1.1. The Board delegates specific oversight and stewardship responsibilities to designated Boards within the Group, as follows:

- Commercial and Retail Banking: Oversight of the Group's core commercial and retail banking operations is delegated to the Board of CIMB Bank Berhad.
- Islamic Banking: Oversight of the Group's Islamic banking operations is delegated to the Board of CIMB Islamic Bank Berhad. This includes the responsibility for Shariah compliance and other Shariah related matters, which is further delegated to the Shariah Committee of CIMB Islamic Bank Berhad.

- Securities and Investment Banking: Oversight of the Group's securities-related and investment banking businesses is delegated to the Board of CIMB Investment Bank Berhad.

12.1.2. These Boards operate within clearly defined roles and responsibilities as set out in their respective Board Charters.

12.2. **Role of Board Committees**

12.2.1. The Board has established the following Board Committees to support the Board in carrying out its responsibilities:

- Audit Committee;
- Board Risk and Compliance Committee;
- Group Nomination and Remuneration Committee; and
- Board Group Sustainability Committee.

12.2.2. The role and responsibilities of the Board Committees, as well as the authority delegated by the Board to these Committees, are set out in the TOR of the respective Committees. The TORs are reviewed from time to time to ensure they remain relevant and up-to-date, and are approved by the Board.

12.2.3. Board Committees shall report, update and keep the Board informed on significant issues, key deliberations, recommendations and decisions on delegated matters.

12.2.4. The Board remains fully accountable for any authority delegated to the Board Committees.

12.2.5. The criteria for the membership of Board Committees are based on a Director's skills and experience, as well as his/her ability to add value to the Board Committee.

12.2.6. 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.

12.2.7. The roles of the respective Board Committees are summarised as below:

(i) **Audit Committee**

- Provide independent oversight of the Company/Group's financial reporting and internal control systems to ensure effective checks and balances.

- Monitor the effectiveness of internal control systems and governance practices to ensure proper checks and balances within the Company and the Group.
- Review audit findings, regulatory compliance and risk management processes, and ensure timely resolution of issues raised by internal and external auditors.

(ii) Board Risk and Compliance Committee

- Provide strategic oversight and guidance on risk management strategies, frameworks and policies, including the determination of risk appetite and tolerance across the Group.
- Ensure that Management embeds proactive risk and compliance practices into daily operations, fostering a culture of accountability and regulatory adherence.
- Oversee technology-related risks and third-party arrangements, including reviewing risk assessments on e-banking services.

(iii) Group Nomination and Remuneration Committee

- Assess and recommend candidates for appointment as Directors, Board Committee Members, CEOs/EDs and Senior Management Officers.
- Review the Board's size, skill, mix and balance regularly, and annually ensures that Directors, CEOs/EDs and Senior Management Officers meet regulatory fit and proper standards.
- Oversee succession planning for the Board and Senior Management to ensure leadership continuity.
- Review and recommend remuneration structures for Directors, CEOs/EDs and Senior Management Officers and ensure its alignment with the Group's risk strategy, values and long-term goals.
- Oversee performance evaluations of individual Directors, CEOs/EDs and Senior Management Officers, in line with regulations and guidelines issued by relevant regulatory authorities.

(iv) Board Group Sustainability Committee

- Provide oversight, strategic guidance, and advisory support in the formulation, execution, and monitoring of the Group's strategies, frameworks, and policies relating to sustainability, including climate change and other material matters, as well as corporate responsibility.
- Oversee the management of risks related to sustainability and other associated areas, including the enforcement of consequence management for any breaches.

Refer to the TOR of each Board Committee for further details on their roles and responsibilities.

13. ROLE AND DELEGATION TO MANAGEMENT

- 13.1. The Board is responsible for approving the strategic objectives of the Group, as proposed by the Group CEO/ED, who in turn is accountable for delivering the expected outcomes aligned with those objectives.
- 13.2. The day-to-day management and operations of the Group are entrusted to the Group CEO/ED, within the parameters of authority delegated by the Board.
- 13.3. Any matters or transactions that exceed the scope of the delegated authority must be escalated to the Board for consideration and approval.

14. AUTHORITY OF THE BOARD AND ACCESS TO INFORMATION AND ADVICE

- 14.1. The Board shall have the authority to:
 - (i) investigate any activity or matter within its Board Charter;
 - (ii) acquire resources required to perform its duties;
 - (iii) have full and unrestricted access to anyone in the Company or the Group in order to conduct any investigation and to obtain any information necessary, including access to the Company's auditors and consultants, relevant to the furtherance of the Board's duties and responsibilities; and
 - (iv) meet exclusively amongst themselves, whenever deemed necessary.
- 14.2. The Board may also seek advice from third-party experts on any matter deliberated by the Board, where necessary, at the Company's expense, in consultation with the Chairperson or the SID, together with the Company Secretary.

15. BOARD PERFORMANCE

- 15.1. The Board of Directors is committed to upholding the highest standards of corporate governance and accountability. To ensure continuous improvement and alignment with its fiduciary responsibilities, the Board shall conduct an annual Board Effectiveness Assessment (BEA), with the support of the GNRC.
- 15.2. To ensure objectivity and rigour, the Board shall appoint an independent external party to conduct the BEA, in part or in full, at least once every three (3) years.

16. DIRECTORS' DEVELOPMENT

Directors are expected to maintain a strong grasp of the Group's business operations, as well as stay informed on relevant market trends and regulatory developments. This includes a commitment to continuous learning and professional development.

16.1. Director Onboarding Programme

- 16.1.1. Newly appointed Directors shall attend the Induction Programme, designed to assist them in familiarising themselves with the Company's operations, governance structure, and the roles and responsibilities expected of them as Directors.
- 16.1.2. Directors shall also attend and complete the mandatory training programmes as required by regulatory authorities upon their appointment to the Board.

16.2. Directors' Development

- 16.2.1. To ensure Directors remain well-informed about the Group's business operations, as well as current market and regulatory developments, they are required to participate in relevant training programmes, workshops, or seminars. This on-going learning commitment ensures they possess the necessary knowledge and skills to effectively carry out their responsibilities.
- 16.2.2. The Board shall ensure the development and implementation of a structured Directors' Development Plan to support the continuous professional growth of its Members.
- 16.2.3. The Board, together with the GNRC, shall annually assess whether the training and development provided to Directors remains adequate, taking into account the Company's forward-looking strategic priorities and the current composition of skills and expertise on the Board.

17. BOARD CONDUCT

17.1. Conflict of Interest

- 17.1.1. Malaysian Laws and regulations contain several provisions outlining a Director's duties when faced with a conflict of interest. Directors are expected to refrain from engaging in any actions, holding positions, or maintaining interests that conflict with the interests of the Company and the Group or may reasonably be perceived as creating such a conflict.
- 17.1.2. Under the Financial Services Act 2013, a Director must disclose any interest in a significant transaction or arrangement and must not be present during related Board discussions. 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/her 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.

- 17.1.3. An interested Director must make the disclosure by way of written notice to all Members of the Board and the Company Secretary:
- (i) as soon as practicable after being aware of his/her interest in the material transaction or arrangement; and
 - (ii) if the material transaction or arrangement is being deliberated at a Board meeting, before the commencement of that deliberation.
- 17.1.4. The Company Secretary shall facilitate the annual Directors' Independence and Conflict of Interest Declarations, which allow the Directors to perform an annual self-declaration on their independence (for Independent Directors) and conflicts of interest (for all Directors).
- 17.1.5. In alignment with CIMB's commitment to upholding the highest standards of governance and ethical conduct, all Directors shall, prior to the commencement of any Board meeting, declare any actual or potential conflicts of interest in relation to the matters listed on the meeting agenda. This declaration serves to promote transparency, ensure adherence to corporate governance principles, and support fair and impartial deliberations and decision-making by the Board.

17.2. Code of Conduct

- 17.2.1. The Board affirms its commitment, along with that of its Directors, to uphold ethical, lawful, and business-like conduct, including the responsible exercise of authority and appropriate decorum in their roles.
- 17.2.2. Accordingly, all Directors shall adhere to the ethical principles and standards of behaviour outlined in the Code of Conduct for Directors, which shall be read in conjunction with the Constitution, the Board Charter, and any other applicable governance documentation approved by the Board, setting out standards of ethical conduct and behaviour.

18. COMPANY SECRETARY

- 18.1. The Board shall ensure it is supported by a suitably qualified and competent Company Secretary to facilitate the discharge of its duties effectively.
- 18.2. The appointment and removal of the Company Secretary must be approved by the Board.
- 18.3. All Directors have direct access to the Company Secretary, who provides independent advice and support to facilitate effective Board functioning and ensure compliance with regulatory requirements.

- 18.4. The primary responsibilities of the Company Secretary include:
- (a) administration of all Board and Board Committee meetings, including the scheduling, taking of minutes, preparation of Board meeting materials and information supplied to the Board;
 - (b) ensuring information supplied to the Board is accurate, timely and adequate for the Board to carry out its functions;
 - (c) ensuring proper record keeping and confidentiality of all deliberations and decisions of the Board and Board Committees;
 - (d) providing the Board with regular updates and advice on changes to statutory and regulatory requirements;
 - (e) facilitating a two-way communication between the Board and Senior Management to ensure the Board's decisions are communicated in a timely manner;
 - (f) facilitating the Directors' continuous development plan, including Induction Programmes for newly appointed Directors;
 - (g) advising the Board on corporate disclosures and compliance with relevant Laws, regulations and listing requirements.
 - (h) serving as a focal point for stakeholders' communication and engagement on corporate governance issues;
 - (i) supporting the GNRC by facilitating the conduct of the BEA exercise; and
 - (j) undertake own continuous professional development.

19. INTERNAL REFERENCE DOCUMENTS

- 19.1. In discharging its duties, the Board may refer to and rely on the Group's internal governance ecosystem, which includes, but is not limited to, internal frameworks, policies and procedures, TORs and other guidance documents.
- 19.2. These references are to be read in conjunction with this Board Charter and are subject to periodic review to ensure alignment with regulatory expectations and best practices.

20. APPLICATION AND CHARTER REVIEW

- 20.1. The Board is committed to consistently uphold the principles and practices set out in this Charter, and it shall be implemented with consideration for their intent and overarching principles, rather than relying solely on literal interpretation.
- 20.2. This Board Charter shall be reviewed periodically to ensure it remains relevant and applicable. No changes to this Charter shall be made without the majority approval of the Board.