

**AMANAHRAYA TRUSTEES BERHAD**  
**TERM OF REFERENCE OF THE BOARD OF DIRECTORS**

- *Companies Act 2016 (CA2016)*
- *Memorandum and Articles of Association ("M&A")*
- *Malaysian Code on Corporate Governance 2021 (MCCG)*
- *Corporate Governance Monitor 2021 (read together with MCCG 2021 and 2017)*
- *Corporate Governance Policy of ARB Group ("CG Policy")*

## 1.0 INTRODUCTION

This Terms of Reference ("TOR") is adopted by AmanahRaya Trustees Berhad (hereinafter referred to as "the Company").

The Company's TOR four (4) major sections:

- ❖ Part A - Defining Governance Roles;
- ❖ Part B - Board Processes;
- ❖ Part C - Key Board Functions; and
- ❖ Part D - Continuing Improvement.

While it is acknowledged that good governance is an important component of a successful company, it is also recognised that it is contingent upon the context in which it is practiced. Therefore, corporate governance needs to be an evergreen process, and as a result this TOR is a "LIVING DOCUMENT". The TOR will need to be regularly reviewed and updated to reflect changes in the legal framework within which the Company operates, and amendments and developments in Board policies and procedures. It is the responsibility of the Group Company Secretary (GCS) or Company Secretary (CS) to ensure that the Board is consulted regarding any changes and updates, that the TOR is kept current and is reviewed and amended every two (2) years, and that all Board members are provided with the latest version of the TOR.

Nothing in this TOR conflict with the Company's Memorandum & Articles of Association (M&A) and the Companies Act 2016 (CA). If such a conflict occurs, the CA and M&A, respectively, shall prevail.

Any reference to:

- a) gender in this TOR should be interpreted as applicable to both males and females;
- b) "Company" in this TOR should be interpreted as applicable to AmanahRaya Trustees Berhad, either referred to herein in singular or plural form.

## PART A - DEFINING GOVERNANCE ROLES

### 2.0 THE ROLE OF THE BOARD

The Board's role is to govern the Company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties. Thus, except when dealing with specific management delegations of individual Director (particularly Executive Director), it is misleading to refer to the management function of the Board.

In carrying out its governance role, the main task of the Board is to drive the performance of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body.

Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following:

- Providing leadership to the Company by:
  - Guiding the development of an appropriate culture and values for the Company through the establishment and review of the Company's Codes of Business Ethics (COBE), rules and procedures to enforce ethical behaviour and provide guidance on appropriate work methods;
  - Always acting in a manner consistent with the Company's culture and COBE;
- Overseeing the development and implementation of an appropriate strategy by:
  - Working with the senior management team to ensure that an appropriate strategic direction and array of goals are in place;
  - Regularly reviewing and amending or updating the Company's strategic direction and goals;
  - Ensuring that an appropriate set of internal controls are implemented and reviewed regularly;
  - Overseeing planning activities including the development and approval of strategic plans, annual plans, annual corporate budgets and long-term budgets including operating budgets, capital expenditure budgets and cash flow budgets;
  - Reviewing the progress and performance of the Company in meeting these plans and corporate objectives, including reporting the outcome of such reviews on at least an annual basis;
  - Ensure that the strategic plan of the Company supports long-term value creation for the stakeholders and includes strategies underpinning sustainability and underpinning sustainability together with its underlying environmental, social and governance (ESG) issues within the entire organization. This includes appropriate action to stay abreast with and understand sustainability issues relevant to the business, including climate-related risks and opportunities
- Ensuring corporate accountability to the shareholders primarily through adopting an effective shareholder communications strategy, encouraging effective participation at general meetings and, through the Chairman, being the key interface between the Company and its shareholders pursuant to the Trust Companies Act 1995 (TCA);

MCCG G1.1

Best Market  
Practice  
on ESG

- Overseeing the control and accountability systems that ensure the Company is progressing towards the goals set by the Board and in line with the Company's purpose, the agreed corporate strategy, legislative requirements and community expectations;
- Ensuring robust and effective risk management, compliance and control systems (including legal compliance) and the Company's Integrity Plan are in place and operating effectively;
- Being responsible for the Company's senior management and personnel including:
  - Directly managing the performance of the Chief Executive Officer ("CEO") including:
    - recommending the appointment and remuneration of the CEO to the Main Board of Amanah Raya Berhad;
    - providing advice and counsel to the CEO including formal reviews and feedback on his or her performance;
    - overseeing the appointment or removal of the CEO, where necessary;
  - Ratifying the appointment, the terms and conditions of the appointment and, where appropriate, removal of those reporting functionally direct to the Board and for managerial post of General Manager and above;
  - Ensuring that an appropriate succession plan for the key and senior management is in place;
  - Ensuring appropriate human resource systems are in place to ensure the well-being and effective contribution of all employees;
- Making all decision after delegating appropriate powers to the CEO, management team and committees to ensure the effective day-to-day management of the business and monitoring the exercise of these powers;
- Ensure that the Company has in place procedures to enable effective communication with stakeholders and Regulators; MCCG G1.1
- Ensure that all its directors are able to understand financial statements and form a view on the information presented; MCCG G1.1
- Ensure Section 17A of the Malaysian Anti-Corruption Commission Act (amendment) Act 2018 assessment from Group Compliance, Integrity and Governance Department is properly discussed and implemented; MCCG G1.1
- All directors should attend appropriate training to ensure they acquire the skills and knowledge to fulfill their duties and responsibilities; and MCCG G1.1

The Board as a whole is responsible for determining the extent of powers residing in each Board Committee and is ultimately responsible for accepting, modifying or rejecting the Committee's recommendations.

### 3.0 BOARD STRUCTURE

#### 3.1 Number of Directors and Its Composition

The Board shall consist of not less than two (2) and not more than nine (9) members.

Clause 77  
(M&A)

At any one time, at least two (2) or one-third of the Board members, whichever is higher, shall be Independent Directors. The Board should at all times make best endeavours to have at least 30% women directors on the Board

Best practice.

All Directors should bring specific skills and experience that add value to the Company. The balance of skills and experience of the Board is to be regularly reviewed by the Nomination and Remuneration Committee of Amanah Raya Berhad. The review of directors performance is undertaken by NRC on a yearly basis and is based on the assessment of the directors.

When considering vacancies, the Board will take into account a candidate's capacity to enhance the mix of skills and experience of the Board.

#### 3.2 Duration of Appointment

The Director's appointment may be renewed on a yearly basis up to a maximum of **six (6) years** period of service. Any further extension of the directors appointment or term of service shall be subject to the approval of the Main Board of Amanah Raya Berhad.

#### 3.3 Limits of Directorship

To ensure that Directors have the time to focus and fulfil their roles and responsibilities effectively, and in line with the framework outlined under the *Green Book - Enhancing Board Effectiveness*, Directors of the Company **must not** sit on the Boards of more than five (5) listed companies (excluding their subsidiaries) and on more than ten (10) non-listed companies. It is the respective Director's responsibility to make a declaration at the point of appointment and/or during his engagement as a Director of the Company.

### 4.0 Conflict of Interest and Related Party Transactions

#### 4.1 Conflict of Interest

Directors must disclose to the Board actual or potential conflicts that may or might reasonably be thought to exist between the interests of the Director and the interests of the Company. On appointment, Directors will have an opportunity to declare any interests pursuant to Section 219 of CA and they will be entered into the Company's Register of Ongoing Conflicts of Interests to be maintained by the GCS/Company Secretary (CS).

Directors should update this disclosure by notifying the GCS/CS in writing as soon as they become aware of any conflicts. Directors are also expected to indicate to the Chairman any actual or potential conflict of interest situation as soon as it arises.

The Board can request a Director to take reasonable steps to remove the conflict of interest. If a Director cannot or is unwilling to remove a conflict of interest then the Director must absent himself or herself from the room when discussion and voting occur on matters to which the conflict relates.

The entry and exit of the Director concerned will be minuted by the GCS/CS. Directors do not have to absent themselves when either:

- (a) conflict of interest relates to an interest common to all Company members/shareholders; or
- (b) the Board passes a resolution that identifies the Director, the nature and extent of the Director's interest and clearly states that the other Directors are satisfied that the interest should not disqualify the Director concerned from discussion and/or voting on the matter.

#### **4.2 Related Party Transactions**

Related party transactions include any financial transaction between a Director or officer and the Company and will be reported in writing to each Board meeting.

In general, the CA<sup>1</sup> requires related party transactions to be approved by the shareholders in a general meeting; the Board cannot approve these transactions. An exemption to this requirement occurs where the financial benefit is given on arm's length terms.

To assist the Board in showing that a financial benefit, such as the awarding of a contract to a company in which a Director is a partner, is given on arm's length terms, the process outlined below (Potential Related Party Transaction) will be followed. The Board has also resolved that where applications are made by a related party to a Director or officer of the Company then the Director or officer shall exclude himself/herself from the approval process.

Related party for this process means:

- a) a family member (spouse, parent, child including adopted child and stepchild, brother, sister and the spouse of his child, brother and sister) of the Director or officer; or
- b) an entity associated with the Director or officer, over which the Director or officer or a related party defined in (a) has a controlling interest.

The GCS/CS will maintain a Register of Related Parties Transactions as well as the Register of Ongoing Conflicts of Interests.

### 4.3 Emergency Contact Procedures

As there is the occasional need for urgent decisions, Directors should leave with the GCS/CS any contact details, either for themselves or for a person who knows their location, so that all Directors can be contacted within 24 hours in cases of a written resolution or other business.

### 5.0 THE ROLE OF THE CHAIRMAN

The Chairman's role is a key one within the Company. The Chairman is considered the "lead" Director and utilises his/her experience, skills and leadership abilities to facilitate the governance processes.

The appointment of Chairman of the Board shall be approved by the Board of Directors of Amanah Raya Berhad.

CG Policy

There are two main aspects to the Chairman's role. They are the Chairman's role within the boardroom.

The role of the Chairman is, amongst others, to:

- (a) Ensure that trust is built among Directors and that Board operates as a cohesive team;
- (b) Establish the agenda for Board meetings in consultation with the CEO;
- (c) Be clear on what the Board has to achieve, both in the long and short term;
- (d) Provide guidance to other Board members about what is expected of them;
- (e) Ensure that Board meetings are effective in that:
  - the right matters are considered during the meeting (for example, strategic and important issues) while containing non-core discussions;
  - matters are considered carefully and thoroughly;
  - all Directors are given the opportunity to effectively contribute i.e. facilitating debate; and
  - the Board comes to clear decisions and resolutions are noted;
  - Brief all Directors in relation to issues arising at Board meetings;
  - Ensure that the decisions of the Board are implemented properly;
  - Ensure that the Board behaves in accordance with its Code of Conduct; and

- Commence the annual process of Board and Director's evaluation

## 5.1 Outside the Boardroom

Outside the boardroom the role of the Chairman is to:

- In conjunction with the CEO, undertake appropriate public relations activities;
- Provide leadership to the Board and responsible for the developmental needs of the Board;
- Be the spokesperson for the Company at the AGM and in the reporting of performance and profit figures;
- Be the major point of contact between the Board and the CEO;
- Be kept fully informed of current events by the CEO on all matters which may be of interest to Directors;
- Regularly review with the CEO, and such other senior officers as the CEO recommends, progress on important initiatives and significant issues facing the Company;
- Provide mentoring for the CEO; and
- Initiate and oversee the annual CEO performance evaluation process.

In the absence of the Board Chairman, the remaining members shall elect one of their independent members to the chair the meeting.

Clause 6 of the  
3<sup>rd</sup> Schedule  
(section 212  
CA2016

The Chairman of the Board of Directors should not be a member of the Board Committee.

MCCG G1.4

## 6.0 THE ROLE OF THE GROUP COMPANY SECRETARY (GCS)/COMPANY SECRETARY(CS)

The GCS/CS is charged with facilitating the Company's corporate governance processes and so holds primary responsibility for ensuring that the Board processes and procedures run efficiently and effectively. He is accountable to the Board, through the Chairman, on all governance matters and reports directly to the Chairman as the representative of the Board. The GCS/CS is appointed and removed by the Board and all Directors.

The Company Secretary shall be the Secretary of the Board. In the absence of the appointed Secretary, any executive from the Group Company Secretarial Department may act as secretary of the meeting on his/her behalf.

Best Practice

The tasks of the GCS/CS shall include:

### **Meetings and Minutes**

- preparing a yearly calendar of all Board meetings including Board Committees' meetings;
- notifying the directors in writing in advance of a meeting of the Board as specified in the Constitution;
- ensuring that the agenda, minutes of previous meeting and Board papers are prepared and forwarded to Directors 7 days prior to the Board meeting date;
- ensuring the relevant Board decisions are communicated to the management within one (1) working day of the Board/Board Committee meeting and relevant extracts of the minutes being distributed within three (3) working days. In certain circumstances, those decisions of urgent nature may require the extracts to be distributed not later than one (1) working day;
- maintaining a complete set of minutes and Board papers at the Company's Head Office;
- preparing for and attending all annual and extraordinary general meetings of the Company; and
- recording, maintaining and distributing the minutes of all general meetings of the Company.

### **Compliance**

- ensuring all regulatory requirements and obligations pursuant to, among others, the CA, the Capital Markets and Services Act, 2007 (CMSA), the TCA, the Trustee Act 1949, Bursa Malaysia regulatory and supervisory framework are fully complied with; and
- providing counsel on corporate governance principles and Director liability.

### **Governance Administration**

- maintaining the Register of Ongoing Conflicts of Interests and the Register of Related Party Transactions;
- ensuring that all Directors have attended induction process and being given an induction package;
- maintaining, updating and ensuring that all Directors have an up-to-date copy of the TOR and associated governance documentation;

- reporting at each Board meeting the documents executed under a power of attorney (if any) and reporting on the use of the seal register;
- facilitating the related review and appraisal exercise that need to be undertaken by the Board including the process of determining their training needs; and
- any other services the Chairman or Board may require

## **PART B - BOARD PROCESSES**

### **7.0 BOARD MEETINGS**

Board meetings are a fundamental component of governance processes. Each Board meeting is critical, as it is the main opportunity for directors to:

- obtain and exchange information with the senior management team;
- obtain and exchange information with each other; and
- make decisions.

The Board meeting agenda is equally as important because it shapes the information flow and subsequent discussion.

#### **7.1 Meeting**

The Board will meet at least four (4) times a year or as and when the need arises.

In addition, the Chairman may call for a special meeting of the Committee at any date or if requested to do so by any member of the Committee to consider urgent matters.

The Notice and Agenda for each Committee meeting shall be sent to all members of the Committee and any other persons who may be required to attend at least five (5) days before the date of the meeting.

#### **7.2 Conduct of Meeting**

The Chairman will determine the degree of formality required at each meeting whilst maintaining the decorum of such meetings. As such, the Chairman will:

- a) ensure that all members are heard;
- b) retain sufficient control to ensure that the authority of the Chair is recognised. This may require a degree of formality to be introduced if this is necessary to advance the discussion;

- c) take care that the decisions are properly understood and well recorded; and
- d) ensure that the decisions and debate are completed with a formal resolution recording the conclusions reached.

In accordance with Article 49 of the M&A (referring to Company M&A), if the Chairman is not present within **15 minutes** after the time appointed for the holding of that meeting, or unwilling to act, a Director chosen by a majority of Directors present shall assume the role. This rule shall be adopted by the Group.

### 7.3 Quorum and Voting at Meetings

In order for a decision of the Board to be valid, a quorum of directors must be present.

The quorum for the meeting shall be a majority of the Directors.

Questions arising at Board meetings are to be decided by a majority of votes of Directors who are present and entitled to vote. In case of any equality of votes, the Chairman of the meeting shall have a second or casting vote.

A Directors present at the meeting of the Board is presumed to have agreed to, and to have voted in favor of, a resolution of the Board unless he expressly dissents from or votes to object against the resolution at the meeting. Such expression must be minuted for proper records.

Attendance at a meeting may be by being present in person or by participating in the meeting by video or teleconference. Members of the Board who participate in a meeting of the Board by video or teleconference or any other communication equipment shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.

### 7.4 Director' Circular Resolutions

In accordance with Article 109 of the M&A (referring to the Company's M&A), a resolution in writing, signed by a majority of the Directors if transmitted to the Company by any technology purporting to include a signature and/or an electronic or digital signature by the Directors for the time being entitled to receive notice of a meeting of the Directors, shall be as valid and effectual as if it had been passed at a meeting of the Directors duly convened and held. Any such resolution may consist of several documents in like form, each signed by one (1) or more Directors. A copy of such resolution shall be entered in the minutes book of Board proceedings.

Clause 7 of the  
3<sup>rd</sup> Schedule  
(Section 212  
(CA2016)

Delivery may be effected by physical delivery of the document; delivery by facsimile transmission; delivery by email transmission; or any form of electronic communication approved by the Directors for such purpose from time to time incorporating, if the Directors deem necessary, the use of security and/or identification procedures and devices approved by the Directors.

## **8.0 BOARD MEETING AGENDA**

### **8.1 Agenda Content**

An agenda will be prepared for each Board and Committee meeting. As a guide, it may contain some or all of the following topics:

- 1) Chairman Remarks
- 2) Conflicts Of Interest Update (if any)
- 3) Minutes Of Previous Meetings
- 4) Matters Arising From Previous Meetings
- 5) Business Activities Requiring Board Approval (Capex, Other)
- 6) Board Submissions (Financial Performance, Operations, Investments Etc)
- 7) Minutes From Sub Committees
- 8) Any other matters

### **8.2 Agenda Preparation**

The Company Secretary, in consultation with the Chairman and the CEO is responsible for preparing an agenda for each Board meeting. However, any director may request items to be added to the agenda for upcoming meetings. The Company Secretary circulates the final agenda to all directors with the Board papers at least **7 days prior** to the meeting.

## **9.0 BOARD PAPERS**

### **9.1 Preparation and Circulation of Board Papers**

The Company Secretary is responsible for the preparation and circulation of Board papers. The Board papers will be circulated to Directors 7 days prior to the Board meeting. If a Board paper relates to matter in which there is a known conflict of interest with a particular Director then the relevant Board paper will be removed by the Company Secretary on the instructions of the Chairman, from the set of Board papers sent to that Director. In the case of the Chairman having a conflict of interest, the Board will appoint another Director to make final decisions on the forwarding of Board papers to the Chairman.

## **9.2 Retention of Board Papers**

The Company Secretary maintains a complete set of Board papers at the Company's Head Office, however, individual Directors may retain their own Board papers in a secure location.

## **10. BOARD MINUTES**

Minutes are to be a concise summary of the matters discussed at a Board Meeting. Minutes will contain a brief reference to relevant Board papers tabled plus any official resolutions adopted by Directors. All decisions will be recorded in the minutes by means of a formal resolution.

## **11. BOARD CALENDAR**

In order to provide an even distribution of work over each financial year, the Board will adopt a twelve-month Board Calendar. Included will be all scheduled Board and Committee meetings as well as major corporate and Board activities, such as strategic planning and the CEO's evaluation, to be carried out in particular months. It will be updated and approved **prior to the start of each calendar year.**

## **12. BOARD COMMITTEE**

The Board has agreed to maintain Audit Committee and Risk Management and Compliance Committee within the Company.

Each Board Committee has a Committee TOR that has been approved by the Board.

Nevertheless, the Board has the ability to alter the roles of each Committee as it sees fit.

The Board may, from time to time, establish or maintain additional committees as appropriate.

The Chairman of a Board Committee plays an important leading role by utilising his /her experience, skills and leadership abilities to facilitate the discussion process in ensuring that the performance of the Committee and its members meets Board's expectation.

As such, the Board has agreed that Chairmanship of a Board Committee is accorded to the most suitable and qualified Director, whenever possible. In order to ensure each Chairman's commitment and contribution to the said committee, as well as fair distribution of responsibilities, Chairmanship of a Board Committee is limited to one per Board member, as far as possible.

## **PART C – KEY BOARD FUNCTIONS**

### **13. THE BOARD AND STRATEGY**

Each year, the Board will approve a formal strategic planning process that articulates the respective roles and levels of involvement of the Board, Senior and Key Management and other employees and will review the strategic plan for the Company.

### **14. CONTACTS AND ADVISORY ROLE**

#### **14.1 CEO Advisory Role**

It is recognised that a key directorial duty is providing a sounding board for CEO ideas and challenges. Recognising that the CEO-Board relationship is critical to effective corporate governance, Directors should provide frank and honest advice to the CEO. It is expected that the Chairman will play a key part of this role and will maintain regular contact with the CEO.

All advice should be constructive in nature and provided in a positive manner. Where appropriate, Directors should recommend possible alternative advisers if they do not feel adequately trained to assist.

#### **14.2 Protocol for Interaction with Internal and External Parties - Media Contact and Comment**

The Board may authorise the Chairman or CEO (where appropriate) to speak to the press on matters associated with the Company. The Chairman may delegate his authority to CEO. The CEO may also delegate his authority to the GCOO of the Company.

The Chairman is authorised to comment on:

- Resolutions to be put to General Meetings of the Company;
- Changes in Directors, any matter related to the composition of the Board or Board processes;
- Any speculation concerning Board meetings or the outcomes of Board meetings; and
- Other matters specifically related to shareholders.

The CEO is authorised to comment on:

- Financial results if question being raised;
- The Company's future outlook;
- Any operational matter;

- Related media queries concerning operational issues which reflect either positively or negatively on the Company;
- Proposed or actual legal actions; and
- Queries and general discussion concerning the Company's industry.

There will be times when Directors and employees will be approached by the media for public comment. On such occasions the Director(s) or employee(s) should comply with the following and the quality procedures that has been formalised:

- 1) refer to the Head of Group Corporate Communication Department who will refer it to the Chairman and/or CEO as appropriate for comment;
- 2) refrain from disclosing any information, documents or other forms of data to the person without the prior consent of the Chairman and/or CEO; and
- 3) report the person who contacted the director/employee, the reason (explicit or inferred) for the contact and a summary of any other relevant information as soon as possible to the Head of Group Corporate Communication Department who will refer it to the Chairman and/or CEO for further action.

### **14.3 Hospitality and Gifts**

While the Company recognises the need from time to time to give or accept customary business courtesies in accordance with the ethical business practices as referred under the Code of Business Ethics, Directors and officers will not solicit such courtesies and will not accept gifts, services, benefits or hospitality that might influence, or appear to influence, the Directors' and officers' conduct in representing the Company.

## **15. MONITORING**

Another essential function of the Board is to monitor the performance of the organisation in implementing its strategy and overall operational performance.

The Board reviews the CEO, Marketing, Financial & Operating reports on quarterly basis and compares performance to the strategic plans, budgets and last years actual results.

## **16. INTERNAL CONTROL**

The Board is responsible for ensuring the adequacy and integrity of the Company's internal control system. With the support of the Audit Committee, the Board ensures that there is a process for reviewing the adequacy and effectiveness of the Company's internal control system.

## 17. COMPLIANCE

The Board is charged with overseeing, reviewing and ensuring the integrity and effectiveness of the Company's compliance systems. The Board has established a Risk Management and Compliance Committee that is responsible for overseeing the Company's compliance systems and reporting to the Board on those systems.

## 18. RISK MANAGEMENT

Since risk management is a complex and critical component of the Company's governance, the Board has delegated the Risk Management responsibility to the Risk Management and Compliance Committee to oversee and guide the details of this topic. The CEO together with the Compliance Officer (CO) and Head of Risk is charged with implementing appropriate risk systems within the Company. Aspects of this process may be delegated.

Risk management is considered a key governance and management process. It is not an exercise merely to ensure regulatory compliance. Therefore, the primary objectives of the risk management system at the Company are to ensure:

- all major sources of potential opportunity for and harm to the Company (both existing and potential) are identified, analysed and treated appropriately;
- business decisions throughout the Company appropriately balance the risk and reward trade off;
- regulatory compliance and integrity in reporting is achieved; and senior management, the Board and investors understand the risk profile of the Company.

In line with these objectives and the COSO Model, the Company's risk management system covers:

- operations risk;
- financial reporting; and
- compliance.

The Risk Management and Compliance Committee reviews all major strategies, investment and purchases for their impact on the risk facing the Company and makes appropriate recommendations to the Board. The Company also undertakes an annual review of operations to update its risk profile. This normally occurs in conjunction with the strategic planning process.

The Board should receive a quarterly report on those areas of risk identified by Risk Management and Compliance Committee prepared independently by the Head of Risk.

## 19. DELEGATION OF AUTHORITY

Directors are responsible for any delegations of their responsibilities with regard to corporate operations. As such, they decide as a Board what Company matters are delegated to either specific Directors or management. In addition, they outline what controls are in place to oversee the operation of these delegated powers.

As a consequence, individual Directors have no individual authority to participate in the day-to-day management of the Company including making any representations or agreements with member companies, suppliers, customers, employees or other parties or organisations.

The exception to this principle occurs where the Board through resolution explicitly delegates an authority to the Director individually. Additionally, it is recognised that all Executive Directors will carry significant delegated authority by virtue of their management position as outlined in a relevant Board resolution.

Similarly, Committees and their members require specific delegations from the Board as a whole and these will be contained in each Committee's respective Terms of Reference or TOR. As per the ruling applies to the individual Directors, no individual committee member has an authority to act independently without proper delegation from the Committee.

### 19.1 General Delegations

In general, the Board delegates all powers and authorities required to effectively and efficiently carry out the Company's business. Listed below are the exceptions to these delegations, whereby the Board or appropriate Committee reserves the powers as indicated. Refer to Limits of Authority.

### 19.2 Decisions Requiring Board Approval

The following decisions must be referred to the Board for approval (unless otherwise specified under the Limits of Authority Policy):

- acquiring, selling or otherwise disposing of property of the Company;
- founding, acquiring or selling subsidiaries of or any company within the Company, participating in other companies or dissolving or selling the Company's participation in other companies (including project joint ventures);
- acquiring or selling patent rights, rights in registered trade marks, licences or other intellectual property rights of the Company;
- founding, dissolving or relocating branch offices or other offices;
- starting new business activities, terminating existing business activities or initiating major changes to the field of the Company's business activities;

- approving and/or altering the annual business plan and budget for the Company or any part of the Company;
- taking or granting loans other than those related to inter-companies transactions;
- granting securities of any type;
- approving the terms and conditions of employment including employment benefits and salary increases.;
- determining the total amount of bonuses for Company officers and employees; and
- determining the appointment, termination, prolongation of employment or amendment to conditions of employment of members of the Board of Directors.

## **PART D - CONTINUING IMPROVEMENT**

### **20. DIRECTOR PROTECTION**

#### **20.1 Information Seeking Protocol**

Directors will adhere to the following protocol when seeking information:

- (a) approach the CEO to request the required data;
- (b) if the data is not forthcoming, approach the Chairman;
- (c) if the information is still not forthcoming, write a letter to all Board members and the CEO detailing the information that is required, purpose of the information, and who the Director intends to approach in order to obtain the information; and
- (d) as a last resort, employ the provisions of the M&A and the CA.

#### **20.2 Access to Board Papers**

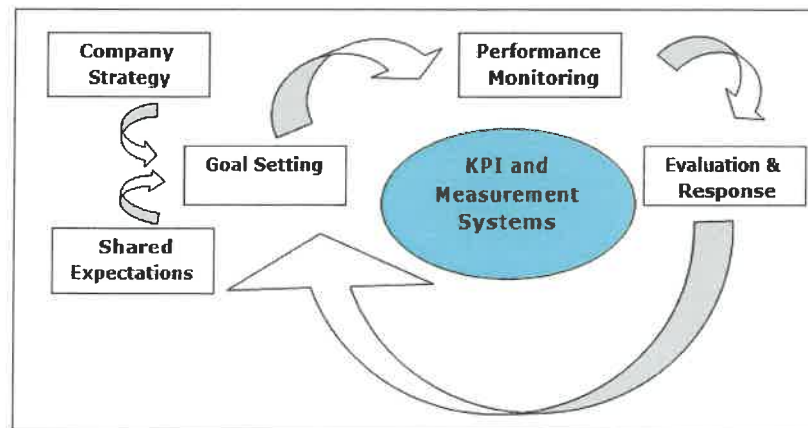
The Directors have the right to access board papers as granted by the M&A and the CA. The Directors may consider adopting Deed of Access to allow the Director to inspect and if necessary, copy any other documents held by the Company.

### **21. BOARD, KEY AND SENIOR MANAGEMENT EVALUATION**

#### **21.1 Evaluation Process**

The Board considers the evaluation of its own and senior management performance as fundamental in establishing a culture of performance and accountability. The common process that guides evaluation at the Company is set out in Figure 1 and ensures that those evaluated clearly understand performance expectations prior to the evaluation period.

Figure 1: Performance Evaluation Cycle



## 21.2 Board and Director Evaluations

The Board considers the ongoing development and improvement of its own performance as a critical input to effective governance. As a result, the Board undertakes an evaluation of Board and Directors performance in **December**, annually. The review is based on a number of goals for the Board and individual Directors that are established in the previous years' **November**. The goals are based on corporate requirements and any areas for improvement identified in previous reviews. The Board may elect to engage an independent expert to facilitate the process. The Board considers the outcome of the review in a dedicated meeting and develops a series of actions and goals to guide improvement. The Chairman provides each Director with confidential feedback on his or her performance. This feedback is used to develop a development plan for each Director. The Board does not endorse the reappointment of a Director who is not satisfactorily performing the role.

## 21.3 Board Committee Evaluations

In **December** of each year, the Board sets a number of expectations of its Committees. These expectations are derived after considering the results of previous reviews, an assessment of the Company's current and future needs, and a review of each Committee's TOR or purpose. As a result of this review, the Board may amend or revoke a Committee's TOR.

In **November** of each year, the Board reviews the performance of the Committees and itself against these expectations. Based upon the review, individuals and groups are provided with feedback on their performance. The results of the review are a key input into the expectations set by the Board in **December**.

## **22. NON-EXECUTIVE DIRECTOR REMUNERATION**

### **22.1 Fees**

Non-executive Directors are paid their fees based on the approval by the shareholders. Additional fees are paid for participation on Board Committees; and the total fees paid to non-executive Directors, including fees paid for participation on Board Committees, are kept within the total amount approved by shareholders i.e. Amanah Raya Berhad.

### **22.2 Performance-Based Bonus**

Other than the above, the non-executive Directors do not receive performance-based bonuses.

### **22.3 Other Benefits**

Non-executive Directors are entitled to have their indemnity insurance paid by the Company.

## **23. ALLOWANCES FOR DIRECTOR**

Allowances (including benefits in-kind) shall be subject to the approval of the Main Board (taking into consideration the recommendation of the NRC).

## **24. DIRECTOR DEVELOPMENT**

The Company is committed to continuing development of its Directors. There is also an expectation that all Directors to attend professional development programs each year to enhance skills, expertise and knowledge. The Board shall allocate an annual budget of a specific sum to encourage Directors to participate in training and development programs. Any Director wishing to undertake either specific directorial training or personal development courses is expected to approach the Chairman and/or CEO for approval of the proposed course. Development may be in both governance and governance processes or in the Company's industry.

To facilitate the budgeting process, all Directors are to fill-up the Training Needs Analysis (TNA) annually to be endorsed by the Board and submitted to the Group Human Resource Department.

## **25. DIRECTOR INDUCTION**

New directors will undergo an induction process in which they will be given a full briefing on Amanah Raya's Group of Companies. This will include meeting with key executives and where applicable, tours of the premises, an induction package and presentations. Information conveyed to the new Director will include:

- details of the roles and responsibilities of a Director with an outline of the qualities required to be a successful Director;

- formal policies on Director appointment as well as conduct and contribution expectations;
- details of all relevant statutes and legislation including but not limited to:
  - The Companies Act 2016;
  - The Trust Companies Act 1949;
  - The Capital Markets and Services Act, 2007;
  - The Trustee Act 1949;
  - Inland Revenue Board income tax requirements/ rulings;
  - Bursa Malaysia Regulatory and Supervisory Framework; and
  - Other related regulations/ Acts;
- a copy of the Company's Corporate Governance Framework including the Board TOR;
- guidelines on how the Board processes function;
- details of past, recent and likely future developments relating to the Board including anticipated regulatory changes;
- background information on and contact information for key people in the organisation including an outline of their roles and capabilities;
- at least, the last 3 years Audited Financial Statements of the Company (equivalent to 2 Audited Annual Reports);
- an analysis of the company including:
  - core competencies of the Company;
  - an industry background briefing;
  - a recent competitor analysis;
  - details of past financial performance;
  - current financial structure; and
  - any other important operating information;
- a synopsis of the current strategic direction of the Company including a copy of the current strategic plan and annual budget;
- a copy of the Company's Integrity Plan, COBE and other integrity related documents;
- a copy of the M&A of the Company; and
- Directors Deed of Indemnity.

The GCS/GS is responsible to facilitate this.

## **26.0 DECLARATION OF INTEREST AND CONFIDENTIALITY CLAUSE**

Every Director, who is in any way, whether directly or indirectly, is required to declare at the meeting any interest that the director may have in respect of the proposals tabled for deliberation. Directors are to abstain from deliberation and voting in the event the Board finds such interests would be tantamount to a conflict of interest situation and shall not be counted for the purpose of determining a quorum.

## **27.0 THE TERMS OF REFERENCE ("TOR")**

The TOR will be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have impact on the discharge of the Board's responsibilities.