



BNP PARIBAS

The bank
for a changing
world

BNP PARIBAS MALAYSIA BERHAD

Registration No. 201001034168 (918091-T)

STATEMENT ON CORPORATE GOVERNANCE

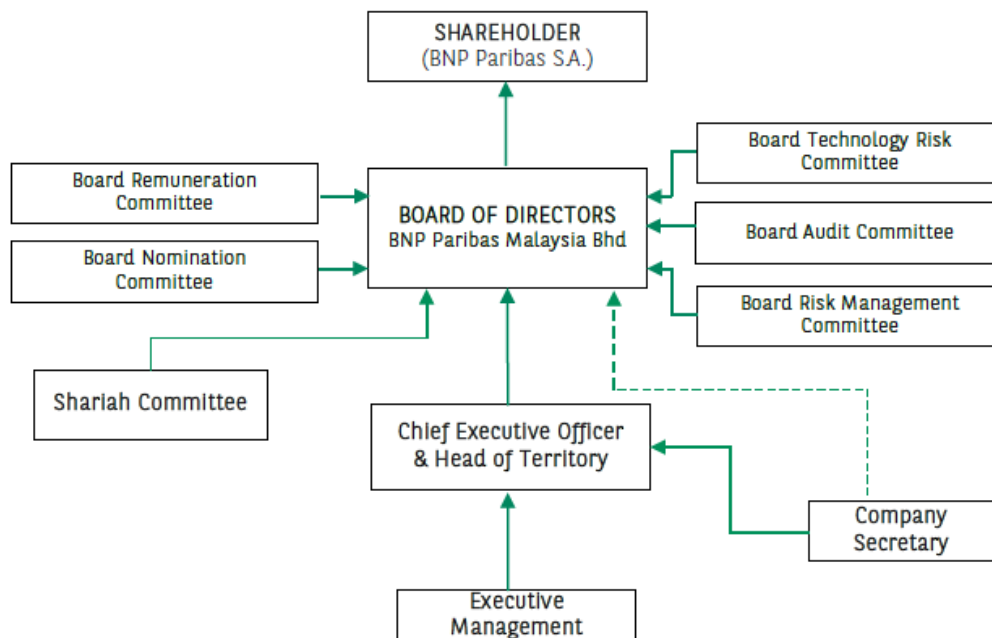
This Statement on Corporate Governance forms part of the Directors' Report in the Audited Financial Statements (as an appendix thereto) for the financial year ended 31 December 2022.



1. Overview

- 1.1 The Statement on Corporate Governance of BNP Paribas Malaysia Berhad (the “Bank”) outlines the key aspects of the Corporate Governance (“CG”) framework of the Bank.
- 1.2 The Board of Directors (the “Board”) ensures that the policies and practices of the Bank are aligned with BNP Paribas Group policies and procedures and local rules and regulations.
- 1.3 The CG framework of the Bank is designed, inter alia, to promote accountability, oversight, good governance and other ethical business practices as set out in the BNP Paribas Code of Conduct.
- 1.4 The Bank’s corporate governance organisational structure is illustrated below:

Corporate Governance Framework – An overview



----- Functional
 ————— Hierarchical

Four Independent Control Functions:

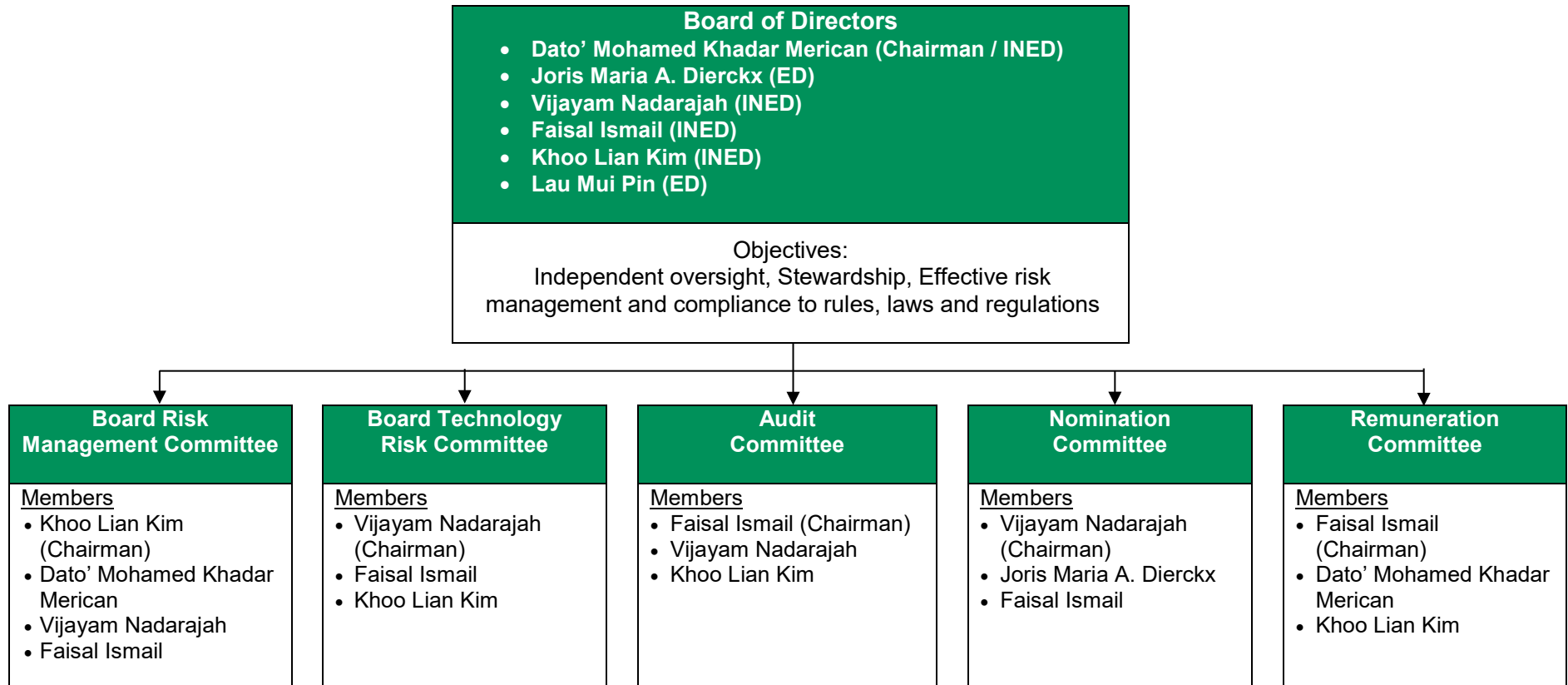
- Compliance *
- Risk & Governance *
- Legal *
- Internal Audit **

Legend:
 * 2nd Line of Defence, ** 3rd Line of Defence

Key Policies (non-exhaustive):

- Code of Conduct
- Internal Control Charter
- Risk Appetite Statement and Framework
- Remuneration Policy
- Whistleblowing Policy

2. Board of Directors and Board Committees of the Bank – An overview *(as at March 2023)*





- 2.1 The Board has a fiduciary duty to the Bank and exercises its duties with appropriate judgment, good faith and due care.
- 2.2 The Board is responsible for protecting all stakeholders' interests including that of the shareholder, regulators and others.
- 2.3 For FY 2022, the Board comprised the following:

No.	Directors	Status of Directorship
1.	Dato' Mohamed Khadar Merican	Chairman / Independent Non-Executive Director
2.	Joris Maria A. Dierckx	Executive Director
3.	Vijayam Nadarajah	Independent Non-Executive Director
4.	Faisal Ismail	Independent Non-Executive Director
5.	Khoo Lian Kim (appointed w.e.f. 1 September 2022)	Independent Non-Executive Director
6.	Lau Mui Pin (appointed w.e.f. 7 September 2022)	Executive Director
7.	Yves Maurice Guy Marie Drieux (retired on 27 July 2022)	Non-Independent Non-Executive Director
8.	Wahid Ali Mohd Khalil (resigned w.e.f. 1 March 2022)	Independent Non-Executive Director

- 2.4 The directors should exercise their duties in the interest of the Bank. Additionally, individual directors have a duty to ensure the decisions are independently made based on adequate and accurate information. The individual directors should exercise independent judgment and should not be in conflict of interest with regard to their positions on the Board.
- 2.5 The following table shows the attendance of each Director at Board meetings (including special meetings) during FY 2022:

Directors	No. of Meetings Attended	%
Dato' Mohamed Khadar Merican	7 out of 7	100
Joris Maria A. Dierckx	6 out of 7*	86
Vijayam Nadarajah	7 out of 7	100
Faisal Ismail	7 out of 7	100
Khoo Lian Kim	3 out of 3	100
Lau Mui Pin	2 out of 2	100
Yves Maurice Guy Marie Drieux (retired on 27 July 2022)	3 out of 3	100
Wahid Ali Mohd Khalil (resigned w.e.f. 1 March 2022)	1 out of 1	100

Legend:

* He was unable to attend the special meeting because he had to attend another meeting.



2.6 External directorships and other business interests

The Bank’s procedure on (re)appointment, resignation and removal of directors stipulates that any director should not hold more than five (5) directorships in public companies. This is to ensure that the directors are committed by way of time to their oversight duties of the Bank. The directors are to declare their external interests to the Bank as and when necessary.

2.7 The personal details and background of Directors currently serving the Board (*information disclosed as at March 2023*) are as follows:

DATO’ MOHAMED KHADAR MERICAN
Chairman / Independent Non-Executive Director

Nationality : Malaysian
Age : 66
Date of appointment : 1 March 2021

Career:

More than 40 years’ experience in financial and general management:

- Served as an auditor and a consultant in an international accounting firm from 1977 to 1986, before joining a financial services group in 1986.
- Between 1988 and 2003, he held various senior management positions in the then Pemas International Holdings Berhad, including those of President and Chief Operating Officer.
- In 2013, he served as the Chairman of RHB Capital and was named ‘Chairman of The Year’ by the Minority Shareholders Watchdog Group at its ASEAN Corporate Governance Index Awards 2013.

Directorship(s) in public companies incorporated in Malaysia:

- **Current -**
Capital A Berhad (formerly known as Air Asia Group Berhad)
Iris Corporation Berhad
Tune Protect Group Berhad
Rashid Hussain Berhad (in Members’ Voluntary Liquidation)
- **Past -**
RHB Group of companies
Astro Malaysia overseas group of companies

Shareholding in BNP Paribas Malaysia Berhad:

- None

Membership in Board Committees of BNP Paribas Malaysia Berhad:

- Member of Board Risk Management Committee
- Member of Remuneration Committee

Length of Service as an Independent Non-Executive Director:

- 2 years



JORIS MARIA A. DIERCKX

Executive Director

Nationality : Belgian
Age : 53
Date of appointment : 8 March 2019

Career:

More than 24 years of working experience with BNP Paribas Group:

- Country Head of BNP Paribas Japan
- Country Head of BNP Paribas South Korea
- Head of Territory India and CEO BNP Paribas India
- Currently, Regional Head of South East Asia and CEO BNP Paribas Singapore

Directorship in public company incorporated in Malaysia:

- None

Shareholding in BNP Paribas Malaysia Berhad:

- None

Membership in Board Committees of BNP Paribas Malaysia Berhad:

- Member of Nomination Committee



VIJAYAM NADARAJAH

Independent Non-Executive Director

Nationality : Malaysian
Age : 60
Date of appointment : 1 October 2019

Career:

Extensive working experience in banks and insurance companies and positions held include:

- Financial Controller, CIMB Aviva Assurance Bhd / CIMB Aviva Takaful Bhd
- Assistant General Manager Finance, Oriental Capital Assurance Bhd
- Specialist, Research and Development / Corporate Program of Finance Accreditation Agency
- Consultant, overseeing incorporation of China Construction Bank Malaysia
- President of Institute of Internal Auditors Malaysia 1996/1997

Directorship(s) in public companies incorporated in Malaysia:

- **Current -**
Manulife Holdings Berhad
Manulife Insurance Berhad
- **Past -**
MPI Generali Insurans Berhad
The Bank of Nova Scotia Berhad

Shareholding in BNP Paribas Malaysia Berhad:

- None

Membership in Board Committees of BNP Paribas Malaysia Berhad:

- Chairman of Nomination Committee
- Chairman of Board Technology Risk Committee
- Member of Audit Committee
- Member of Board Risk Management Committee

Length of Service as an Independent Non-Executive Director:

- 3 years 5 months

**FAISAL ISMAIL**

Independent Non-Executive Director

Nationality : Malaysian
Age : 59
Date of appointment : 1 October 2020

Career:

Had served in commercial organisations and held positions as follows:

- Various managerial positions in Peremba Group and Landmarks Berhad, including as Executive Director, Landmarks Berhad
- Executive Director, Head of Strategic Advisory Division in BinaFikir Sdn Bhd
- Director, Investments, Khazanah Nasional Berhad
- Group Managing Director, Pantai Holdings Berhad and Pantai Support Services Sdn Bhd
- Deputy CEO, Commercial, 1MDB Real Estate Sdn Bhd, for the development of Tun Razak Exchange and Bandar Malaysia
- Director, Corporate & Strategic Planning and Transformation Programme, Boustead Heavy Industries Corporation Berhad
- CEO / Advisor, Mount Irau Ventures Sdn Bhd, a wholly owned subsidiary of Khazanah Nasional Berhad
- Independent Non-Executive Director, JP Morgan Chase Bank Berhad

Directorship(s) in public company incorporated in Malaysia:

- **Current -**
Credit Guarantee Corporation Malaysia Berhad
- **Past -**
Danajamin Nasional Berhad
JP Morgan Chase Bank Berhad
Pantai Holdings Berhad
Landmarks Berhad
ShangriLa Hotels Malaysia Berhad

Shareholding in BNP Paribas Malaysia Berhad:

- None

Membership in Board Committees of BNP Paribas Malaysia Berhad:

- Chairman of Remuneration Committee
- Chairman of Audit Committee
- Member of Board Technology Risk Committee
- Member of Nomination Committee
- Member of Board Risk Management Committee

Length of Service as an Independent Non-Executive Director:

- 2 years 5 months

**KHOO LIAN KIM**

Independent Non-Executive Director

Nationality : Malaysian
Age : 53
Date of appointment : 1 September 2022

Career:

Had served financial institutions in risk management roles for more than 25 years. Positions held are as follows:

RHB Banking Group (from 2014 to 2020)

- Head, Risk / Chief Risk Officer
- Head, Group Risk Operation

Achieved remarkable milestones i.e. obtained the Basel Internal Ratings-Based Approach with all models approved by BNM, over RM40 billion risk weighted asset or equivalent RM5 billion capital savings and implemented various risk systems.

Gained vast exposure to credit evaluation approval as a permanent invitee to credit approving committee and a member of equity underwriting committee. She was a permanent invitee to Board Risk Committee of RHB Banking Group and RHB Investment Banking Group.

CIMB Banking Group (from 1995 to 2011)

- Head, Risk Management & Analytics
- Head, Basel II Implementation
- Equity research

Pioneer in setting up Risk Management function and grew together with the department from a small investment bank to a large banking group, covering whole of South East Asia, with extensive experiences in leading integration activities in multiple merger exercises across different cultural working environments.

All aspects of risk management in investment and commercial banking and her strongest forte was credit risk management covering credit management & evaluation, credit risk portfolio management, credit risk modeling such as rating, scoring, stress test, credit Value at Risk and counterparty exposure.

Directorship in public company incorporated in Malaysia:

- None

Shareholding in BNP Paribas Malaysia Berhad:

- None

Membership in Board Committees of BNP Paribas Malaysia Berhad:

- Chairman of Board Risk Management Committee
- Member of Board Technology Risk Committee
- Member of Audit Committee
- Member of Remuneration Committee

Length of Service as an Independent Non-Executive Director:

- 6 months



LAU MUI PIN
Executive Director

Nationality : Singaporean
Age : 58
Date of appointment : 7 September 2022

Career:

More than 28 years of working experience with BNP Paribas Group and had held many significant positions across Asia covering areas of compliance, operations including ITO, and Global Markets products / activities:

- Internal Auditor, Bishop Pipeline Corporation USA
- Accountant, Coastal Gas Marketing USA
- Equity Derivatives Middle Office / Trading, BNP Paribas Singapore
- Head of Fixed Income and Treasury Middle Office, Asia Pacific and Singapore
- Chief Operating Officer (“COO”), Fixed Income (Global Markets) and Treasury and Capital Markets Transversal Operations APAC
- COO, South East Asia, BNP Paribas Singapore
- COO, Compliance Asia Pacific / Regulatory Compliance Lead, Asia Pacific
- Currently, Head of Compliance for BNP Paribas Singapore and South East Asia

Directorship in public company incorporated in Malaysia:

- None

Shareholding in BNP Paribas Malaysia Berhad:

- None

Membership in Board Committees of BNP Paribas Malaysia Berhad:

- None



3. Board Committees

3.1 The Board Committees were set up to assist the Board in carrying out specific duties and responsibilities. The Terms of References of the respective Committees are set out below to reflect the responsibilities of the Committees and other matters:

(a) **Board Risk Management Committee**

- Membership – Four (4) independent directors
- Responsibilities –
 - To oversee the Bank's risk management policies, processes and framework
 - To provide effective oversight of Management's risk activities in order to ensure consistency with the risk strategy and in line with the risk appetite
 - To oversee the identification, measurement and continuous monitoring of all relevant and material risks in the Bank
 - To advise the Remuneration Committee of the consistency of incentives proposed for material risk takers

(b) **Board Technology Risk Committee**

- Membership – Three (3) independent directors
- Responsibilities –
 - To ensure the existence of an effective IT and cybersecurity risk management framework to commensurate with the business activities and operations in Malaysia
 - To oversee management of Information & Communication Technology risk and other related risks of the Bank
 - To ensure that the IT framework and activities are supported by policies and procedures that are effective and complied with
 - To oversee controls of outsourced activities
 - To oversee controls, policies and procedures of business continuity plan and disaster recovery plan exercises

(c) **Audit Committee**

- Membership – Three (3) independent directors
- Responsibilities –
 - To oversee the financial reporting process including various financial and corporate governance disclosures and reviewing and recommending for the Board's approval the annual and quarterly financial statements
 - To oversee the effectiveness of the internal audit function of the Bank
 - To foster quality audits by exercising oversight and in close liaison with the external auditors
 - To oversee the appropriateness and completeness of the Bank's internal control framework, compliance with the Board's conflict of interest policy and to review connected / related party transactions
 - To comply with all relevant laws and regulations and any other applicable rules, as appropriate



(d) **Nomination Committee**

- Membership – Two (2) independent directors
- Responsibilities – To oversee:
 - Appointments, reappointments, resignations, removals and succession planning of Directors, Management, Shariah Committee (“SC”) members and the Company Secretary
 - Evaluation of the composition of the Board and Board Committees
 - Evaluation of the individual Directors and the Board
 - Evaluation of the annual performance of Management, SC members and the Company Secretary

(e) **Remuneration Committee**

- Membership – Three (3) independent directors
- Responsibilities – To oversee:
 - Remuneration framework of the Bank
 - Remuneration of the Directors, Senior Officers including Other Material Risk Taker and SC members
 - Overall governance concerning remuneration aspects of the Bank



3.2 The table below shows the attendance of each Director at Board Committees' meetings (including special meetings) during FY 2022:

Directors	No. of Meetings Attended				
	BRMC	BTRC	AC	NC	RC
Dato' Mohamed Khadar Merican	4 out of 4	N/A	N/A	N/A	1 out of 1
Joris Maria A. Dierckx	N/A	N/A	N/A	6 out of 7*	N/A
Vijayam Nadarajah	4 out of 4	4 out of 4 (Chairman)	4 out of 4	7 out of 7 (Chairman)	N/A
Faisal Ismail	3 out of 3 (past Chairman) 1 out of 1	4 out of 4	4 out of 4 (Chairman)	7 out of 7	2 out of 2 (Chairman)
Khoo Lian Kim	1 out of 1 (Chairman) 1 out of 1	2 out of 2	2 out of 2	N/A	- (there were no meetings held after she was appointed)
Lau Mui Pin	N/A	N/A	N/A	N/A	N/A
Yves Maurice Guy Marie Drieux (Retired w.e.f. 27.7.2022)	N/A	2 out of 2	2 out of 2	N/A	1 out of 1
Wahid Ali Mohd Khalil (Resigned w.e.f. 1.3.2022)	N/A	-	-	N/A	1 out of 1 (past Chairman)

Legend

BRMC : Board Risk Management Committee
 BTRC : Board Technology Risk Committee
 AC : Audit Committee
 NC : Nomination Committee
 RC : Remuneration Committee
 N/A : Not Applicable

* He was unable to attend the NC special meeting as he had to attend another meeting.



4. Directors' Training, Ongoing Professional Development & Induction Programme

4.1 In accordance with the Directors' Induction and Training policy, the Bank recognises the importance of available training resources to ensure Directors receive continuous training for purposes of discharging their duties by maintaining requisite skills, knowledge and familiarity with the banking business and operations.

4.2 At BNP Paribas, training and development are provided to all directors to ensure they keep updated and abreast with knowledge and skills relevant to the discharge of their responsibilities effectively.

4.3 The Directors had attended internal and external training programmes, conferences, seminars, courses, workshops, etc. during the financial year. A list of trainings attended by the Directors during FY 2022 is set out below:

- FIDE FORUM:
 - MyFintech Week Masterclasses: Getting It Right: Securing Results from Digital Transformation and the Future of Finance
 - MyFintech Week Masterclass: Fostering Market Dynamism
 - Dialogue with BNM: Licensing Framework for Digital Insurers and Takaful Operators
 - Dialogue with BNM : Climate Risk Management and Scenario Analysis
 - MetaFinance: The Next Frontier of the Global Economy
 - Board Effectiveness Evaluation - Post-launch Workshop (Session 2)
- Iclif Executive Education Center:
 - Market Risk Management - Banking sector
 - Sustainability and International Trade for Export-Oriented Companies
- Internal briefings:
 - ALMT and GM business
 - Anti-Money Laundering and Counter Financing Terrorism
 - Islamic Banking: Time Value of Money – An Islamic Perspective
 - Environmental, Social & Governance
 - BNP Paribas / The Economist Corporate Network: Malaysia Moving Forward: 2022 mid-year review
 - BNP Paribas - Sustainable Future Forum 2022



- Others:
 - Tune Protect Group Bhd: Sustainability and International Trade
 - ICAEW: Organisational Transformation and Change: A Personal Perspective
 - Chartered Accountants Australia and New Zealand: Board Benchmarking for Sustainability
 - CGC / ISRA Consulting – Islamic Finance
 - PIDM Industry Forum 2022
 - Corporate Governance Malaysia: Board's legal obligations based upon the Commonwealth Climate and Law Initiatives
 - Khazanah Megatrends: Development and Its Complexities – Steering Our Way Through a Perfect Storm

4.4 Internal induction programmes were organised for new Directors onboarded during the financial year to familiarise with the Bank's business, operations and governance requirements of the Bank.

5. Company Secretary

- 5.1 The Bank has appointed a licensed Company Secretary to support the Board. The Company Secretary is responsible for preparing the minutes of the Board and Board Committees' meetings and advises on Board governance matters.
- 5.2 The Company Secretary facilitates effective information flows and between the Board, Board Committees and relevant management.
- 5.3 The Company Secretary functionally reports to the Board and maintains the confidentiality of minutes and affairs of the Board.



6. Shariah Committee

- 6.1 The Shariah Committee (“SC”) has been established by the Bank to support the Islamic business.
- 6.2 The SC functions in accordance with the Shariah Governance Policy Document issued by BNM. The Islamic Banking Window’s operations, business, affairs and activities are in compliance with Shariah principles contained therein.
- 6.3 As at 31 December 2022, the Shariah Committee consists of three (3) members. Their profiles are as follows:

Dr. Sa’id Adekunle Mikail

- Bachelor in Shariah from Islamic University of Madinah Kingdom of Saudi Arabia, followed by Master of Comparative Laws and PhD (Law) from International Islamic University Malaysia.
- Currently serves as a researcher and lecturer at ISRA Research Management Centre, INCEIF University Malaysia.
- A Shariah Committee and Consultant of Prudential BSN Takaful Berhad, Masryef Management House Berhad, and I-Consult Africa (PTY) Ltd. Ethical and Responsible Advisory, Cape Town, South Africa.
- Member of Advisory Committee of Expert of TAJ Bank Ltd Nigeria.
- He has been a Shariah Committee member of the Bank since June 2018 and an Interim Chairman since August 2021.

Assoc. Prof. Dr. Nurul Aini Muhamed

- Bachelor Degree in Shariah (Management) from Universiti Malaya in 2001, followed by Masters of Business Administration from Universiti Kebangsaan Malaysia in 2003, and PhD in Business and Management from University of South Australia. In 2020, obtained Masters in Islamic Finance Practice from the International Centre for Education in Islamic Finance.
- Currently serves as senior lecturer at the Faculty of Economics & Muamalat and a research fellow at the Institute of Halal Research and Management, Universiti Sains Islam Malaysia.
- A Shariah Committee member of Hong Leong MSIG Takaful and Perbadanan Tabung Pembangunan Kemahiran.
- An Associate Member of Association of Shariah Advisor in Islamic Finance, and a lifetime-member of the International Council of Islamic Finance Educators.
- She has been a Shariah Committee member of the Bank since October 2021.

Dr. Mahadi Ahmad

- Bachelor Degree in Shariah from Islamic University of Madinah Kingdom of Saudi Arabia in 2004, followed by Master of Comparative Laws and PhD (Law and Shariah) from International Islamic University Malaysia.
- Currently serves as a researcher and lecturer at ISRA Research Management Centre, INCEIF University Malaysia, and was a former lecturer at International Institute of Islamic Banking and Finance, Bayero University Kano, Nigeria.
- A Certified Shariah Advisor and Auditor of Accounting and Auditing Organization for Islamic Financial Institutions, and an Associate Senior Member of Chartered Institute of Islamic Finance Professionals Malaysia.
- He has been a Shariah Committee member of the Bank since November 2022.



6.4 The Shariah Committee had six (6) meetings in FY 2022 and the meeting attendance of the SC members were as follows:

Dr. Sa'id Adekunle Mikail (Interim Chairman)	6/6
Assoc. Prof. Dr. Nurul Aini Muhamed	6/6
Dr. Mahadi Ahmad (appointed w.e.f. 1/11/2022)	1/1

6.5 The Shariah Committee tables Shariah reports and updates to the Board at every meeting. The Board has dialogue sessions with the SC members on an annual basis and the first session was held in June 2022.



7. Corporate Governance: The Board's Perspective for Financial Year 2022

7.1 The Board continues to oversee the affairs of the Bank independently of management. The interest of all stakeholders, fiduciary responsibilities, independence of oversight and decision making, and compliance to rules and regulations form the focus of the Board.

7.2 Resilience during and after Covid-19

The scale of the pandemic was a source of great concern to the Board. The Board worked closely with Management to ensure safety of staff, security of information, and the continued supervision of clients' financial health.

7.3 Maintaining the Bank's culture

The Board continued to encourage the Bank's strong culture and values of safety, respect, courage and one team be maintained and enhanced throughout the year.

7.4 Diversity

The Board introduced two (2) new women directors during the year as part of BNP Paribas culture in promoting diversity and expanding gender ambition to cover all levels of the business across all entities across the globe. The Board now has three (3) women directors whose experience will surely add to the strength of the Board.

7.5 Board composition

During FY 2022, the Board said farewell to two (2) long serving directors namely, Yves Drieux and Wahid Ali Mohd Khalil who had both served the Bank with distinction. We are grateful for their contributions.

The Board is happy to welcome Ms Khoo Lian Kim ("Khoo") and Mrs Lau Mui Pin ("Mui Pin") during the year. Khoo has brought sound knowledge in risk management with a risk mindset honed during her past careers in large banks in the country. Mui Pin's long experience in BNP Paribas brought deep knowledge of BNP Paribas's culture, business and operations to the Bank.

The Board is confident that, together with gender diversity, the experience brought by the directors in the areas of banking, corporate governance, entrepreneur, internal audit, risk, audit, financials, etc. provides a good mix of skills, knowledge, etc. to serve the Bank.

7.6 Board activities

The Board and its committees met regularly during the year and recognised that the optimum meeting format was in-person in line with the requirements of BNM policy document on CG. This meeting mode maximised opportunities for interaction among Board members, and also with the Bank's leadership team more generally.



The primary Board activities during the financial year included:

- **Oversight of business strategy / plan**
The Board continued to monitor and oversee the activities of the Bank's leadership team in meeting their deliverables against targets including setting a clear and focused strategy to drive the business plan which would position the Bank to manage challenges ahead. Sustainable business strategies was part of the Bank's continuous effort in tackling climate risk related topics. The Board noted the importance of steps that Management was taking in positioning the Bank's business plan in order to meet its objective for the future. The Board also receive regular updates from Management to give context to current issues.
- **Performance**
The Bank's financial performance, liquidity, credit, market, operational, etc. and associated financial risks were closely monitored by the Board. Inputs that assisted the Board in discharging their responsibilities included reports from Finance, quarterly and annual results. The Board approved the declaration of a final dividend for the financial year ended 31 December 2021, taking into account factors including capital adequacy, outlook for cash flow and maintenance of a strong investment rating.
- **Environmental, Social & Governance**
In light of the increasing significance of Environmental, Social & Governance ("ESG"), the Board oversees Management's goal setting around ESG and ensuring that they align with the Bank's overall strategy.
- **Internal Controls**
The Board oversees the effectiveness of the Bank's system of internal controls and risk management. There were no significant exceptions from risk, technology risk, compliance and internal audit reports. The Board concluded that the Bank's system of internal controls continued to be resilient based on the reports tabled and reporting from respective Chairs of Board Committees.
- **Board Governance**
The respective Board Committees' Terms of Reference ("TOR") were reviewed and updated with the exception of the Board Technology Risk Committee's TOR which was reviewed and approved in March 2023. The TORs were aligned with relevant updated policies of the Bank as well as local regulatory and best practice standards. The Board Charter was reviewed and updated on an annual basis to ensure clarity and alignment.

The composition of Board Committees were reviewed due to resignation/retirement and onboarding of new directors. Appointments and succession plans were both based on merit and assessed against objective criteria with the promotion of diversity of gender as central consideration as well as cognitive and personal strengths. With regard to new appointments, due consideration was given to ensure smooth transition of Board members with specific responsibilities.

Good progress was made with the revamped Board Evaluation form in terms of expectations in quality and cadence of information flows from Management to the Board.

- **Off-site Board meeting / Developmental briefings**
The gradual lifting of Covid-19 travel restrictions in the country and neighbouring countries opened an opportunity for the Board to have its second off-site Board meeting in Singapore. Ancillary to the Board meeting held in Singapore, the Board participated in developmental briefings hosted by subject matter experts to deepen their understanding of BNP Paribas's business operations and solutions.



8. Internal Control Framework

8.1 Internal Control Objectives

The internal control framework aims to ensure the overall control of risks and provide reasonable assurance that the Bank's objectives in this area are being met.

The Bank adopts BNPP Group's Internal Control framework and is to be read together with the local regulatory and governance setup that are applicable to the Bank. The framework outlines the Bank's overall framework through monitoring of risks that is efficient and coherent with its risk appetite that is appropriate to the nature, scale and size of business activities.

The framework aims at ensuring:

- i. Sound and prudent management of risks, aligned with BNPP Group's values and code of conduct as well as the policies defined in line with the Group's social and environmental responsibility;
- ii. Operational security of internal operations;
- iii. Relevance and reliability of accounting and financial information;
- iv. Compliance with applicable laws, regulations and internal policies.

The implementation of the internal control framework relies, in particular, on the promotion of a high level culture of risks and ethics throughout all staff and in the relationships between the Bank and third parties, customers, intermediaries or suppliers as well as its shareholders.

The management of the Bank has the duty to implement the principles defined in the framework, under the oversight of its Board of Directors.

8.2 Scope of Application

It covers every kind of risks the bank may be exposed to (credit risk, counterparty risk, market risk, equity risk, liquidity risk, interest rate in banking book, operational risk, non-Compliance risk, ESG risk including climate -related, Shariah non-compliance risk,...).

It also covers outsourced activities or services, in accordance with regulatory principles.

The management of the Bank has the duty to implement the principles defined in the framework, under the oversight of its Board of Directors.

8.3 The Principles for Action

Internal control at the Bank is based on its values and code of conduct as well as the following complementary principles for action:

- i. **Clearly Assigned Responsibilities.** The internal Control is the matter of every employee of the Bank, whatever his/her hierarchical positioning or responsibilities. Managers/Heads have the responsibilities of ensuring the proper implementation of internal control framework on the scope they are in charge of. In order to do so, responsibilities and delegations should be clearly assigned and communicated to every stakeholder.



- ii. **A Structured Framework for Identifying, Assessing and Monitoring Risks.** Any internal control framework is expected to be organized around the following elements:
- identification and assessment of risks.
 - monitoring of risks, what entails definition and implementation of:
 - ✓ a decision-making and delegation framework, and when the type of risk makes it possible, the definition and implementation of indicators/metrics and limits, operating through a properly defined governance and set of responsibilities;
 - ✓ principles framing organization and operations' processes;
 - ✓ a priori and/or a posteriori controls;
 - ✓ a reporting and alert framework;
 - ✓ a follow-up of remediation actions agreed upon further to an attention point raised.

To be efficient at individual and consolidated level, this framework must rely on:

- a coherent taxonomy and compatible methodologies, between the different parties to the internal control framework.
- reliable, timely and flexible information, in coherence with the needs for steering and monitoring.

- iii. **An Independent Control and Oversight of Risks.** The internal control framework requires the mandatory and earliest involvement of Functions exercising independent second level controls. This involvement shall include the following:

- definition of a global normative framework for identification, assessment and monitoring of risks;
- definition of situations for which a second prior look issued by a Function exercising independent second level controls and shared with operating entities is required for making a decision;
- independent controls, namely second level controls to exercise independent controls on the framework implemented by the Bank and on its functioning (outcomes of the identification and risk assessment processes, relevance and compliance of the risk mitigation framework and in particular respect of limits set,...).

The provisions for the involvement of a Function exercising second level controls (level of delegation in the decision-making process, intensity and depth of second level controls) represent a key element of the Internal Control framework and have, for the most important ones, to be validated at the Management level and oversight by the Board of Directors.

Inspection Générale operates third level independent controls in order to assess the effectiveness of risk management, control and governance processes.

- iv. **A Segregation of Duties.** The segregation of duties is one of the key elements of the risk monitoring framework. It consists in attributing some operational tasks that are part of the same global process, to different stakeholders who report to different hierarchies or to segregate those tasks using other means, in particular information technology resources.

As an example, tasks related to the origination, confirmation, accounts posting, payment and accounting reconciliation of a transaction must be performed by different staff.



- v. **An Organised Decision-Making Process.** At minimal, the delegated scope is defined through job descriptions. When responsibilities justify it, delegations must be formalized by mission statements that precisely define the object and the scope of their application and specify if sub delegation is possible and to which extent.

Regarding significant acts involving the company to third parties, the principle of two signatures is, in most cases, included in the delegation system

- vi. **A Duty of Transparency.** All staff, whatever is his/her positioning, has the duty to transparently notify, that is to say, freely and without delay, the upper level of the organization he/she reports to such as to his/her hierarchical reporting line, and when applicable, functional reporting line.

- any information necessary to a good understanding of the situation of the Bank, that can have an impact on risks or reputation.
- all matters he/she may not be able to solve by him/herself when performing his/her duties.
- all abnormal situations he/she could notice.

Moreover, each staff member has the right to alert under confidential conditions as provided by the Code of conduct of the Bank, through the whistleblowing process that is organized by the Compliance Function.

Inspection Générale and every Function exercising second level controls have the right to access¹ to all information they consider helpful for performing their duties. They have to be alerted when an important situation or event occurs, along the rules they independently and freely set, consistently with their respective framework.

- vii. **Formalisation and Traceability Requirements.** The various structuring elements of the internal control framework and their level of application are defined in policies and procedures. Opinions, decisions and results arising from the application of these procedures are formalized and traceable, in order to allow, among others, the reporting of information to the Management, Board of Directors, as well as its sub Committees.

- viii. **A Management of Human Resources that Embeds Internal Control Objectives.** Internal Control objectives have to be taking into account in careers and compensation management. In particular:

- the effective implementation of the Internal Control framework when every staff performs the responsibilities he/she has been assigned, has to be taken into account in his/her appraisal.
- every staff member has to be offered trainings on risks and controls consistently with his/her responsibilities.
- the process of selection for staff members, particularly for key positions, has to take into account their ability to fulfill their responsibilities regarding Internal Control.
- the fixed, variable and discretionary compensation systems are to be set so as to contribute to the compliance with policies defined and with the limits set.

- ix. **A Continuous Monitoring of the Framework to Evolutions.** Internal Control framework must be monitored in a dynamic way by its stakeholders. This adaptation to evolutions, whatever their nature, that the bank faces, must be operated under a periodic cycle defined in advance but also continuously, as soon as events require it.

¹ In compliance with applicable regulations related to banking secrecy, personal data protection and market abuse prevention

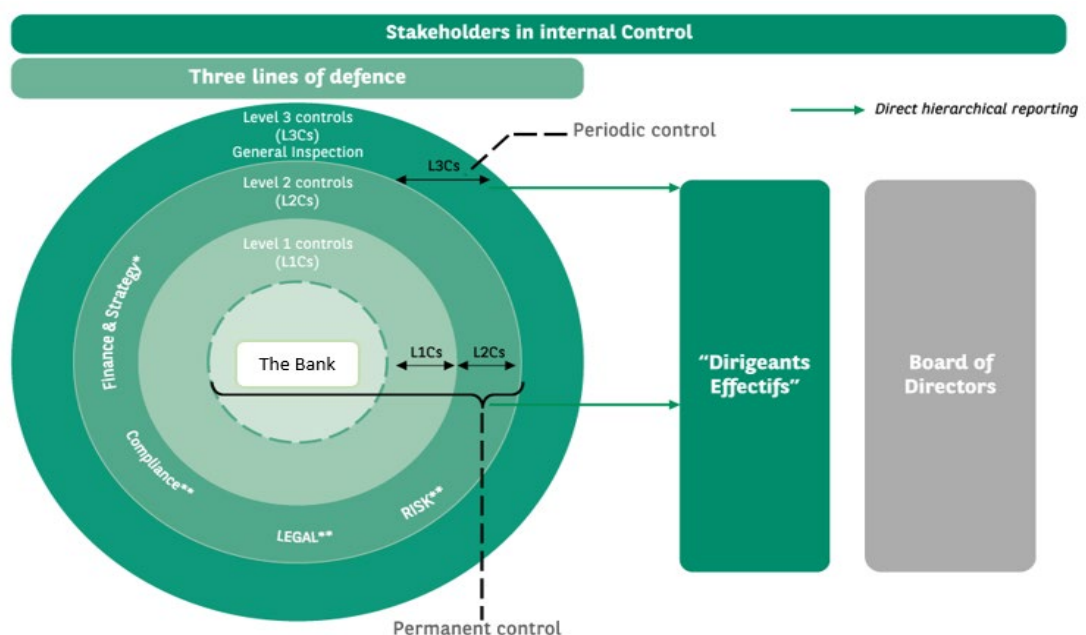
- x. **A Proportionality when Implementing the Internal Control Framework.** The implementation of the Internal Control framework must be operated according to an approach and intensity commensurate with the risks. This proportionality is assessed with respect of one or several of the following criteria:
- intensity of risks as identified in risk assessment programs (Risk ID for the identification of key risks to which the Group is exposed, Risk & Control Self-Assessment, ...).
 - amount of capital allocated and/or ratios in terms of solvency and liquidity.
 - criticality of activities with regards to systemic issues.
 - regulatory provisions for conducting activities.
 - size of the activities performed.
 - type of clients and distribution channels used.
 - complexity of designed or sold products and/or of services provided.
 - complexity of processes operated and/or importance of the use of outsourced activities through internal or external legal entities.
 - sensitivity of the environment where the activities are located.
 - legal form and/or presence of minority shareholders.

8.4 The Internal Control Stakeholders

The BNP Paribas Internal Control framework is organized around three lines of defence, under the accountability its “*Dirigeants Effectifs*”, and the oversight of the Board of Directors

The permanent control consists in the continuous implementation of the risk management framework by the first and the second lines of defence. Periodic control, ensured by the third line of defence, is the verification and assessment function that operates according to a dedicated audit cycle.

Functions ensuring the second and third lines of defence are named Functions exercising independent controls. They report directly to the “*Dirigeants Effectifs*” and for Compliance, Risk and Inspection Générale, they report on the performance of their duties to the Board of Directors.





8.5 The First Line of Defence

Managers and their respective staff are accountable, for achieving the objectives set and for monitoring the risks coming from the businesses or services they run or deliver. In doing so, they act in full compliance with the framework, formalized through policies and procedures.

Heads or Managers of the Bank is responsible:

- i. identify and assess current and potential risks they are exposed to, in particular the major ones.
- ii. design, implement and regularly adapt a risk monitoring framework in compliance with:
 - the Risk Appetite Statement and its metrics.
 - policies and procedures including those issued by Function exercising independent controls.
 - applicable law and regulations.

This risk monitoring framework operated by the first line of defence corresponds to the first level control framework. It is implemented by the staff and/or their managers and/or dedicated control teams which do not operate on the processes they control.

- iii. ensure the implementation and the proper functioning of a governance that allows:
 - the spreading of a culture of risk and ethics,
 - the escalation of attention points and alerts,
 - the taking of decision further to attention points and alerts, consistently with the rules applicable to decision making,
 - the monitoring of the timely implementation of actions decided and of recommendations or any others actions² they are responsible for.
- iv. communicate, transparently on their risk issues and adapt the communication with respect to the needs of the different stakeholders:
 - their reporting lines, either hierarchical or functional
 - the Functions exercising independent controls

8.6 The Function Exercising Second Level Controls – The Second Line of Defence

The Function exercising second level controls are accountable to ensure sound functioning of the risk monitoring framework and its compliance with laws and regulations.

They have the following responsibilities:

- the general normative framework in which the risk management they are accountable for, must be operated. Terms and conditions of their involvement, thresholds and delegations, a priori opinion that can only be overridden through an escalation process, a posteriori controls.
- implement this framework when concerned and are responsible for the first and second level permanent control on their domain of expertise.
- risk monitoring framework defined with respect to identified risks, which should be formally agreed with.
- actual and efficient implementation of this framework, notably via an independent control and a follow-up on remediation measures taken, which must be formalize by an opinion to be shared and discussed, leading to an escalation in case of disagreement.
- contribute to the dissemination of a culture of risk and ethics, throughout the Group
- The heads of these Functions provide to the “Dirigeants Effectifs” and to the Board of Directors a developed opinion on the level of risks, actual or potential, with regards to the Risk Appetite Statement defined and suggest when necessary, any remediation action they deem relevant.

² Recommendations addressed by Inspection Générale , a Supervisor, Statutory Auditors or actions addressed by a Function exercising second level controls



Integrated Functions exercising second level controls are:

- Risk and related functions, accountable for organizing and supervising the management framework related to the risks the Bank is exposed to, and in particular credit and counterparty risk, market risk, funding and liquidity risk, interest rate and interest rate risk in the banking book, operational risk, cyber risk, ESG risk including climate-related, and Shariah risk.
- Compliance, accountable for organizing and supervising the management framework of non-compliance risk.
- Legal, accountable for organizing and supervising the management framework of legal risk.

Heads of these Functions may report to the Board of Directors or to its sub Committees, directly, possibly without the presence of the “Dirigeants Effectifs”.

Finance & Strategy is a non-integrated function that exercises second level controls. Within Finance & Strategy, Standards & Controls, has this responsibility with respect to the definition and implementation of the risks management framework relating to accounting and financial information

The appointment of Chief Risk Officer, Chief Compliance Officer and Chief Financial Officer Finance heads follows the requirements set by Bank Negara Malaysia.

8.7 The Inspection Générale– The Third Line Of Defence

The Inspection Générale is an independent and hierarchically integrated control Function, which reports directly to the Board Audit Committee. It performs a third level control. It is accountable for assessing the processes related to risk management, control and governance as well as their compliance with laws and regulations and proposes ways to strengthen their effectiveness. It acts through:

- assurance assignments that leads to the issuance of findings with associated recommendations.
- special assignments that report the sequences of events and determine responsibilities of the employees involved in suspicious or fraudulent operations
- fact-finding and research assignments, aimed at anticipating risks or threats to which the group may be exposed.

Its action plan is formalised in an annual audit plan, validated by the Board Audit Committee. This audit plan may be updated during the year in order to take into account significant changes in the risk profile or further to some specific incidents. These adjustments are decided on the initiative of Inspection Générale and in case of significant changes in the audit plan, after validation by the Board Audit Committee.



8.8 The Management Function

The “Dirigeants Effectifs” are the Chief Executive Officer and the Chief Operating Officer. Operationally, the “Dirigeants Effectifs” take their main decisions with the support of relevant management committees and of the most relevant experts in the area under review.

The “Dirigeants Effectifs” are responsible for the global internal control framework. To fulfil these responsibilities and without prejudice of the ones of the Board of Directors, the “Dirigeants Effectifs”:

- set the main policies and procedures which organize the internal control framework.
- directly oversee the Functions exercising independent controls and provide them with the resources enabling them to actually fulfil their responsibilities.
- assess and periodically control the effectiveness of the Internal Control policies, procedures and framework and decides upon appropriate remediation actions further to potential deficiencies.
- report to the Board or to its sub Committees on the functioning of the internal control framework.
- special assignments that report the sequences of events and determine responsibilities of the employees involved in suspicious or fraudulent operations.

Key management committees and its roles and responsibilities are:

Name of Committee	Roles and Responsibilities
Executive Risk Committee	To monitor credit, market, operational, legal, financial and any other relevant risks not covered in a dedicated committee, and to review and critically evaluate / self-assess on an ongoing basis the effectiveness of the Bank’s risk management policies and framework
Credit Committee	To determine appropriate credit evaluation, review and monitoring including risk related to ESG
Asset & Liability (“ALCO”)	To ensure that the management of assets and liabilities as set out in ALMT framework that is consistent with the objectives and strategies of the Bank
Compliance Committee	To ensure that significant compliance related issues are discussed, impacts are identified and actions are planned and escalation occurs when necessary
Internal Control Committee	To provide an overview of the Bank’s permanent control framework and operational risks, and serves as the governance for a collegial analysis and decision process on these topics i.e. to validate the action plans needed to put identified risk areas under control, procedures, control plans and outputs, resources, other actions and means
Country Client & Credit Support Committee (“C2CS”)	To provide a regular forum between Business Lines, Coverage, Client Management, Compliance, CTCM and ITO Corporate Credit Control to discuss and follow-up on Client Onboarding, KYC/due diligence, Client Servicing, and credit related matters



Name of Committee	Roles and Responsibilities
Outsourcing Committee	To review, deliberate and endorse any new and/or evolution of existing outsourcing arrangements; to review the performance and compliance with outsourcing framework and outsourcing risk appetite
IT Steering Committee	To develop and implement an effective data management and MIS framework which is aligned with business and risk strategies
Business Continuity Committee	To safeguard the security of staffs and visitors in the premises during crisis, to safeguard BNPP’s reputation and contain the risk during the crisis which may impact the stability in the financial market
Client Acceptance Committee	To provide an overview, validation/approval framework as relevant, for KYC completion and recertification process including on ESG validation
Technology Risk Management (“TRM”) Committee	To provide oversight and facilitates risk communication on the management of technology risk and Governance of ICT risks including regulatory ICT requirements

8.10 Board of Directors

The Board of Directors, directly or through its sub Committees, exercises essential duties regarding Internal Control. In particular, the Board of Directors:

- determines, further to proposals by the “Dirigeants Effectifs” the strategy and orientations internal control activities and oversees their implementation.
- examines and approves financial statements, supervises the management of the company and oversees the quality and reliability of financial information communicated to the shareholders and the markets; to this extent, it performs or requests the performance of any controls and checks it considers appropriate.
- takes up any matter concerning the sound functioning of the Bank.
- examines, assesses and controls regularly the efficiency of the framework of governance, notably the clear allocation of responsibilities, and of Internal Control, especially the procedures for reporting risks, and takes appropriate measures to remedy potential deficiencies it observes.
- validates the Risk Appetite Statement, periodically approves and reviews strategies and policies surrounding the Bank’s activities.
- reviews, at least once a year, proposals of budgets, of management reports and of various legal or regulatory reports.
- special assignments that report the sequences of events and determine responsibilities of the employees involved in suspicious or fraudulent operations.
- fact-finding and research assignments, aimed at anticipating risks or threats to which the Bank may be exposed.



The roles of Board of Directors and its sub Committees:

Name of Committee	Roles and Responsibilities
Board of Directors	To oversee and carry ultimate responsibility for the overall stewardship of the Bank, including approving and monitoring management's implementation of the strategic objectives, governance framework and corporate culture
Board Risk Management	To oversee management's activities in managing various risks such as credit, market, liquidity, operational including Shariah non-Compliance risk, Legal and other risks, and to ensure that the risk management process is in place and functioning
Board Technology Risk	To oversee the management of ICT risk and other ancillary risks in ensuring key technology risks and critical technology operations including Information Technology ("IT") risk management policies, process and risk management framework are in place and functioning
Board Audit	To oversee on matters related to the internal and external audit functions, financial reporting, internal control system and ensuring checks and balances
Board Remuneration	To oversee on matters related to the remuneration policy for Directors, in-scope officers/employees
Board Nomination	To oversees on matters related to the appointment of members of Board of Directors, Chief Executive Officer and in-scope officers/employees, including fit and proper assessment and performance evaluation

8.11 Shariah Committee

Shariah Committee provides guidance to the Board and Management in discharging their duties in matters related to Shariah principles.

8.12 Key Policies and Procedures

Risk Appetite

Define the risk level by risk types that the Bank is willing to accept or conversely seeking to avoid in pursuit of its business strategy in coherence with its values and medium to long term risk profile.

ESG Risk Management

In line with the BNP Paribas Group commitments and initiatives, the Bank has implemented the following:

- Adopted the strategy in its business activities: (i) to reducing its support for oil and gas exploration and production; (ii) to fund the development of renewable energies; (iii) to support innovation for the energy and ecological transition; (iv) to encourage companies to work towards carbon neutrality; and (v) to raise awareness among large corporate customers.
- The analysis of ESG risks, particularly climate related risk has been embedded in lending process.
- Adoption of relevant BNPP Group policies such as on sector policies (financing and investment policies) governing activities in sectors involving major energy and climate related issues such as Coal-Fired Power, Palm Oil and Unconventional Oil & Gas Industry.

**Compliance Framework**

The Framework provides the key principles and guidelines for managing compliance risk within the Bank. It serves as a guide in understanding, complying and managing compliance risk.

Shariah Compliance

Shariah Compliance Policy sets out the expectations for effective Shariah governance structures, processes and arrangements of the Bank's Islamic window activities, which is in line with the requirements of BNM Shariah Governance Policy Document.

Code of Conduct

The Bank adopted the BNPP Group Code of Conduct that sits at the heart of every action. The Code of Conduct comprises of three parts. The first section, on mission and values, is intended to guide and inspire all behaviours. The second section covers the rules of conduct to be shared and implemented. The third section, called the Code of Conduct in practice, provides helpful guidelines on how to apply the rules of conduct.

BNP Paribas Group has in February 2022 issued an update to its Code of Conduct. While the underlying principles of the Code have not changed, the updated Code of Conduct has been strengthened in three specific areas:

- Involvement with Society, in particular, our support for the energy transition.
- Anti-corruption and influence peddling.
- Competition laws.

Special attention is also given to respect for people with. The Human Resources Department has stepped up its enforcement in this area. There is zero tolerance for any type of misconduct, including but not limited to disrespectful or sexist language, a lack of civility, or harassment.

AML / Counter Financing of Terrorism

The Bank is committed to fighting financial crime and ensuring compliance with the relevant laws and regulations. Financial crime risks are managed to protect the Bank's integrity and reputation. The bank has established comprehensive controls to anticipate, prevent, detect and respond to money laundering, terrorist financing and sanctions risks.

Whistleblowing

The Bank is committed to the highest standard of ethics and integrity in its conduct of business and operations. The Bank's Whistleblowing Policy sets up the governance and standards to promote an ethical, responsible and secure whistleblowing practice.

IT / Cyber Security

The framework defines the technical, administrative and physical controls to be in place in order to ensure the confidentiality, integrity and availability of the data environment.

Business Continuity Management

The framework serves as a comprehensive approach to minimize the impact and losses that the Bank may incur by taking prompt actions to sustain the operations of critical businesses in the event of disruption, including significant events of reputational risk, substantial volatility in liquidity, threat to staff's life and safety, severe failure on computer and communication facilities, continuous disturbance or inoperability of the primary business location.



9. Remuneration

BNPP Malaysia Bhd is subject to and adopts the BNP Paribas Group (the “Group”) Remuneration Policy, as well as applicable legislation and regulations in Malaysia.

9.1 Objectives of Remuneration Policy

- (i) The policy reflects the Bank’s objectives for good corporate governance for all employees. This will enable the Bank to attract, develop and retain high-performing and motivated employees in a competitive market without encouraging risk-taking that exceeds the level of risk tolerated by the Bank and without creating situations of conflicts of interest between employees and clients.
- (ii) Employees are offered a competitive and market aligned remuneration package making employees feel encouraged to create sustainable results.
- (iii) Key to the above objectives of high performance and sustainable results is the alignment of employee remuneration packages with the overriding principle of compliance to BNP Paribas (“BNPP”) policies and procedures, including but not limited to the Group Code of Conduct, Group remuneration policy and principles, Internal Controls, Global Policy on the Protection of Interests of Clients, Risk Management policies and procedures and management of conflicts of interest.
- (iv) The above overriding principles thereby create the BNP Paribas Control Environment, which drives the desired behavior of BNP Paribas employees in developing and maintaining a control mindset in the governance of daily work.

9.2 Board Oversight

- (i) The Board monitors compliance with the Remuneration Policy annually (notably during the compensation review process) and is responsible for ensuring strict adherence with local regulations and labour laws in Malaysia as well as compliance with BNPP Group Remuneration Policy.
- (ii) The Board has established a Remuneration Committee (“RC”) specifically to review the remuneration of Senior Management, Senior Officers and Other Material Risk Taker. In the case of Directors’ remuneration, the Board, through the RC, shall also review the Directors’ fees annually and recommend the same for approval by the shareholder at the Annual General Meeting.
- (iii) The RC works as well as a preparatory committee to review and prepare the Board with respect to notably the annual compensation review process in alignment with Group guidelines.
- (iv) Without prejudice to the missions of the RC, the Board Risk Management Committee (“BRMC”) shall assist to examine whether the incentives provided for by the policy and the remuneration practices of BNP Paribas are compatible with its situation with respect to the risks to which it is exposed, its capital, its liquidity, and the likelihood and timings of earnings. To carry out this mission, the Chairman of BRMC is a member of the RC and provides the inputs / view of the BRMC.



9.3 Structure of Compensation

- (i) Fixed Compensation
Fixed Compensation is intended to reward competence, experience, qualification level, as well as the level of involvement in assigned task. It is set on the basis of the local market and the principle of internal consistency within BNPP Group.
- (ii) Short Term Variable Compensation
The variable compensation is determined in such a way as to avoid incentives that could run counter to the protection of customer interests or lead to conflicts of interest between employees and customers.

The Group principles concerning the protection of interests of clients are defined in the following policies:

- Global Policy on the Protection of Interests of Client: “Good sales Practices”;
- Group Conflicts of interest Global Policy;
- Global policy on remuneration practices that could present conflict of interest;
- Compliance to local policies in Malaysia.

- i) Variable Compensation is intended to reward quantitative and qualitative achievements measured on the basis of observed performance and individual assessments related to fixed objectives and behaviors.
 - ii) Fixed objectives will include predetermined Key Performance Indicators set annually. These comprise measures designed to inculcate a control mindset and to drive employee behavior towards compliance of the bank’s control environment.
 - iii) It does not constitute a right and is set in a discretionary manner each year in accordance with the remuneration policy for the relevant year and corporate governance guidelines.
- (iii) Long Term Variable Compensation
In addition, variable compensation may also consist of a medium or long term retention plan, which may include stock options, performance shares, long or medium-term compensation plan, or any other suitable instrument aimed at motivating and building the loyalty of the key executives and high potential employees, by giving them an interest in the growth of the value created.

9.4 Performance and Compensation Reviews

Performance and Compensation reviews for all staff takes place towards the end of each year with key features of these reviews being as follows:

- (i) Managers are required to conduct performance reviews of their staff in an objective and transparent manner, as the results go towards contributing in the assessment of discretionary bonus and salary increments of the staff.
- (ii) Managers are expected to review the job description of their staff, quantitatively and qualitatively with clear Key Performance Indicators that drive BNPP Malaysia Bhd and the Group desired behaviors, and to write them with enhanced clarity by separating scope of responsibility and areas where they are expected to be contributors. This is an essential effort to build collaboration across the different teams.
- (iii) Each staff is assessed on their achievements of the goals set at the start of the year and will also be assigned some specific concrete objectives for the year to come which are materialised in the appraisal.



- (iv) During the individual performance evaluation, particular attention must be paid by the manager to the employee's observance of compliance and risk control rules. Any breach by the employee in this regard should be mentioned in his/her annual assessment and will have impact on the overall assessment of his or her performance, as well as on the award of the variable compensation, which may, if necessary, be reduced or cancelled.

9.5 Support and Control Functions

Principles

The variable compensation bonuses of support and control functions are determined independently of the performance of the business that they validate or the operations they verify, but taking into account the situations of the specific labour market, to a limited extent.

Individual allocations are made according to the Group's applicable guidelines for variable compensation, and independently of the performances of the entities. Furthermore, particular attention must be paid to the employee's contribution to risk management during the annual assessment process.

A further and more detailed description of the Group compensation policy (including for "MRT" [Material Risk Taker]) that apply to all BNP Paribas Group entities, such as BNPP Malaysia Bhd, is available at <https://invest.bnpparibas.com/en/compensation-regulated-employees>

In terms of local regulatory requirements, BNPP Malaysia Bhd is aligned with the remuneration requirements of the BNM CG Policy.

9.6 Remuneration of Directors, Chief Executive Officer, Senior Officers and Other Material Risk Taker

- (i) Details of Directors' Remuneration for FY 2022 of the Bank are as follows:

Directors	Fixed Remuneration		Variable Remuneration	Total Remuneration (Net of tax) (RM/year)
	Gross Director's Fees (Net of SST)* (RM/year)	Benefits-in-kind (RM/year)	Other Allowances (RM/year)	
Dato' Mohamed Khadar Merican	377,358.48*	-	-	325,282.15
Yves Maurice Guy Marie Drieux	97,817.46~	-	-	68,472.22
Wahid Ali Mohd Khalil	28,949.28^	-	750.00¤	24,380.18
Joris Maria A. Dierckx	-	-	-	-
Vijayam Nadarajah	170,000.00	-	-	135,020.00
Faisal Ismail	170,000.00	-	-	135,420.00
Khoo Lian Kim	56,666.67∞	-	-	55,053.32
Lau Mui Pin	-	-	-	-
TOTAL				743,627.87

Legend:

* Net of Sales and Service Tax (SST) is only applicable for Dato' Mohamed Khadar Merican. Gross Director's' fee for Dato Khadar is RM400,000.00

~ Pro-rated during FY 2022 (1.1.2022 to 27.7.2022) for Yves Drieux.

^ Pro-rated during FY 2022 (1.1.2022 to 1.3.2022) for Wahid Ali.

¤ Meeting allowance for attending Shariah Committee meeting on 20 January 2022 for Wahid Ali.

∞ Pro-rated during FY 2022 (1.9.2022 to 31.12.2022) for Khoo Lian Kim.

(ii) **Details of the Chief Executive Officer's ("CEO" and also known as "Senior Management") remuneration for FY 2022:**

Total Value of Remuneration Awards for FY 2022	Unrestricted (RM'000/year)	Deferred (RM'000/year)
CEO		
Fixed remuneration:		
• Cash-based	1,100.00	Nil
• Shares and share-linked instruments	Nil	Nil
• Others (includes Benefits-in-kind)	24.60	Nil
Variable remuneration:		
• Cash-based	403.07	315.99
• Shares and share-linked instruments	Nil	580.01
• Others	Nil	Nil

(iii) **Senior Officers and Other Material Risk Taker remuneration details for FY 2022:**

Total Value of Remuneration Awards for FY 2022	Unrestricted (RM'000)	Deferred (RM'000)
Senior Officers and Other Material Risk Taker:		
Fixed remuneration:		
• Cash-based	4,290.39	Nil
• Shares and share-linked instruments	Nil	Nil
• Others (includes Benefits-in-kind)	590.94	Nil
Variable remuneration:		
• Cash-based	962.53	181.71
• Shares and share-linked instruments	Nil	454.26
• Others	Nil	Nil

(iv) **Additional remuneration related information pertaining to Senior Management, Senior Officers and Other Material Risk Taker:**

FY 2022	Number	Amount (RM'000)
Number of Officers having received a Variable Remuneration	8*	
Number and Total Amount of Guaranteed Bonuses Awarded	Nil	
Number and Total Amount of Sign-On Awards Made	Nil	
Number and Total Amount of Severance Payments Made	Nil	
Total Amount of Outstanding Deferred Remuneration = (a) + (b) + (c)		3,633.77
- Cash (a)		1,682.89
- Shares & Shares linked instruments (b)		1,950.88
- Others (c)		Nil
Total Amount of Deferred Remuneration Paid Out during FY 2022		1,418.53

Legend:

* A total of 10 staff in identified roles (CEO and all Senior Officers) during FY 2022, o/w 1 was terminated in July 2022 and another terminated in February 2023.