



BNP PARIBAS

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BNP PARIBAS MALAYSIA BERHAD

Registration No. 201001034168 (918091-T)

BOARD CHARTER

(Updated as at 26 June 2023)



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1. Introduction

- 1.1 The Board of Directors (the “Board”) of BNP Paribas Malaysia Berhad (the “Bank”) is committed to promoting the principles of good corporate governance in setting the direction, management, and control of the Bank.
- 1.2 This Board Charter is not an ‘all inclusive’ document and shall be read as a broad expression of principles of each director’s duties and responsibilities. The Board Charter outlines the main duties and responsibilities of the Board, Board Committees and individual directors.
- 1.3 The provisions of the Board Charter is in line with the requirements stated in Bank Negara Malaysia’s (“BNM”) policy document on Corporate Governance (“BNM CG policy”), other applicable BNM policy documents, Articles of Association of the Bank (the “Articles”), BNP Paribas Group policies and the Companies Act 2016 (“CA 2016”).

2. Objective

- 2.1 The objective of this Board Charter is to provide guidance to all directors of their duties and responsibilities as Board members and to the applicable laws and regulatory requirements affecting their conduct.
- 2.2 This Board Charter serves as a main reference for the Board in providing insights to existing and prospective Board members, and Management of the Bank.

3. Role and Responsibilities of the Board

- 3.1 The role of the Board is to oversee governance matters, and provide stewardship to the Bank.
- 3.2 To achieve the Board’s role, the responsibilities are, but not limited to, the following:
 - (a) Approve risk appetite, business plans and other initiatives which would, singularly or cumulatively, have a material impact on the bank’s risk profile, including initiatives which affect the financial soundness, reputation or key operational controls of the Bank;
 - (b) Oversee the selection, performance, remuneration, succession plans and removal of the Chief Executive Officer and senior officers, such that the Board is satisfied with the collective competence of Management to effectively lead the operations of the Bank;
 - (c) Actively scrutinise, monitor and assess the performance of Management regularly;
 - (d) Oversee the implementation of the Bank’s governance framework and internal control framework, and periodically review whether these remain appropriate in the light of material changes to the size, nature and complexity of the Bank’s operations;
 - (e) Promote, together with senior management, a sound governance culture within the Bank which reinforces ethical, prudent and professional behaviour;
 - (f) Promote sustainability through appropriate environmental, social and governance considerations in the Bank’s business strategies and operations;



- (g) Oversee and approve the recovery and resolution as well as business continuity plans for the Bank to restore its financial strength, and maintain or preserve critical operations and critical services when it comes under stress;
 - (h) Promote timely and effective communication between the Bank and BNM on matters affecting or that may affect the safety and soundness of the Bank; and
 - (i) Oversee material compliance breaches and incidents by staff including Management, if any.
- 3.3 Each director is required to keep abreast of his/her responsibilities as a director and of the conduct, business activities and sustainable growth of the Bank.
- 3.4 To deliberate and if deemed appropriate, approve recommendations set out in the respective Terms of Reference of its Committees.
- 3.5 To review and approve policies and procedures concerning Board matters.

4. Membership

- 4.1 Pursuant to the Articles, the Board shall consist of a minimum of three (3) members, a majority of whom shall be Independent Non-Executive Directors (“INED”). There is no maximum number of directors prescribed by the Articles.

5. Chairman

- 5.1 The Chairman must:
- (a) Ensure that appropriate procedures are in place to govern the Board’s operation;
 - (b) Ensure that decisions are taken on a sound and well-informed basis, including by ensuring that all strategic and critical issues are considered by the Board;
 - (c) Encourage healthy discussions and ensure that dissenting views can be freely expressed and discussed; and
 - (d) Lead efforts to address the Board’s developmental needs.
- 5.2 The Chairman is appointed by the shareholder, and shall preside at each Board / general meeting of the Bank.
- 5.3 In the absence of the Chairman, the other directors shall nominate amongst themselves, preferably a senior INED, to chair Board meetings / general meetings of the Bank.
- 5.3 The Chairman, preferably an INED, and has a casting vote in the event of equality of votes in accordance with the Articles.
- 5.4 Should the Bank appoints more than one executive director, the Chairman must be an independent director.
- 5.5 The Chairman should not be a chair for any Board Committees.



6. External Directorships

A director shall not hold more than five (5) directorships in public companies.

7. Other professional advice / services

The Board may request for professional advice and services, if necessary, and shall abide with the Bank's procedure in this regard.

8. Matters Reserved for the Board

The Board reserves specific powers to itself, as indicated in the Articles, and delegates other matters to Management of the Bank.

9. Delegation to Management

- 9.1 The effective governance of the Bank requires Management to be involved in all significant decisions, and to be accountable to the Board.
- 9.2 The Chief Executive Officer ("CEO") must raise with the Board matters of significance affecting the Bank which requires the Board's attention, including any matters which exceed the delegated authority to the executive management. The CEO is authorised to delegate the authority conferred on him/her as he/she deems appropriate.
- 9.3 The delegation of authority to Management, executed through a Power of Attorney and credit related matters, is predicated on an assumption that the Board is kept appropriately and fully informed on all material issues. The Board reserves the right to withdraw or change any delegation deemed necessary.

10. Delegation to Board Committees

- 10.1 The Board delegates specific responsibilities / delineates areas of authority to the Board Committees as set out in their respective Terms of Reference.
- 10.2 The Board remains collectively accountable and responsible for any authority delegated to the Board Committees.



11. Composition of the Board

- 11.1 The composition of the Board is determined in accordance with regulatory requirements, eligibility requirements, skills, and competency requirements as determined by the Board from time to time, and to cater for diversity.
- 11.2 The overriding principle stated in the BNM CG policy with regards to tenure limit is that independent directors can continuously serve on the Board for nine (9) years, except under exceptional circumstances or as part of transitional arrangements towards full implementation of succession plans of the Bank.
- 11.3 The Board, through the NC, must ensure that the criteria and skills sets required by directors are reviewed regularly to ensure alignment with the strategic direction and emerging challenges faced by the Bank. This must also take into account supervisory concerns highlighted by BNM that require specific expertise on the Board.

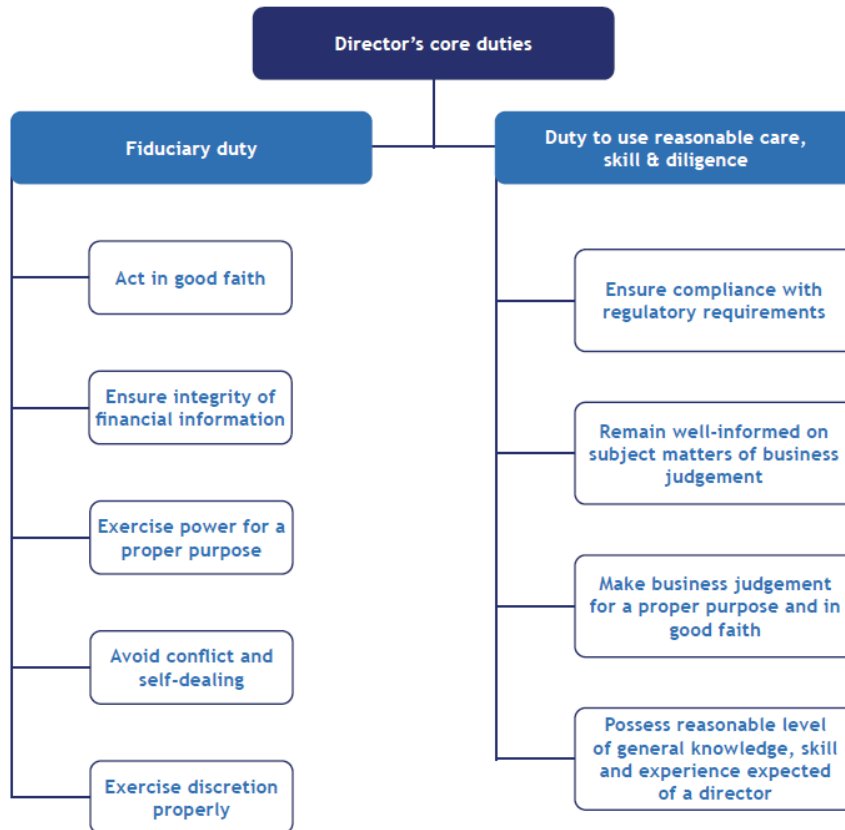
12. Board Independence and Effectiveness

- 12.1 The Board shall comprise a majority of INED at all times.
- 12.2 Prior to an appointment, INED shall be required to satisfy the following criteria:
 - 12.2.1 Independent in character and judgement, and free from associations or circumstances that may impair the exercise of his / her independent judgement.
 - 12.2.2 The INED must immediately disclose to the Board any changes in his / her circumstances that may affect his / her status as an INED. In such circumstances, the Board must review his/her designation as an independent director and notify BNM in writing of its decision to affirm or change his/her decision.
- 12.3 The Board and its Committees must have sufficient support and resources to investigate any matter within their mandate, if deemed necessary.
- 12.4 All resignations and removals of INED can only take effect after the Board has cleared with BNM. This is to ensure the effective functioning of INED.
- 12.5 The Board, through the NC, shall carry out assessment of the independence of its INED during appointment and focus beyond the independent director's education background, work experience.

The Board emphasizes the importance of independence of its INED. For INED whose tenure is due for expiry and is being proposed for reappointment, the Board, through the NC, shall consider whether the independent director can continue to bring independent and objective judgment and is able to meaningfully contribute to the Board and Board Committees.



13. Directors' Core Duties



Source:
Bursa Malaysia
Corporate Governance
Guide (4th Edition)



14. Role of the Chairman and the Chief Executive Officer

The main functions of the Chairman and Chief Executive Officer (“CEO”) are clearly defined and delineated so as to ensure an appropriate balance of authority, increased accountability, and an enhanced capacity for independent oversight and decision making by the Board:

Chairman	CEO
<ul style="list-style-type: none">• Preferably an INED• Provides leadership to the Board in its oversight of Management and in its stewardship of the Bank.• Presides over all Board meetings and ensure smooth and effective functioning of the Board.	<ul style="list-style-type: none">• Oversees the day-to-day management and running of the Bank.• Coordinates the operations of the various departments• Implements the Board’s decisions and policies, and is accountable to the Board.• Regularly updating the Board with material information the Board needs to carry out its oversight responsibilities, particularly on matters relating to:<ul style="list-style-type: none">- the performance, financial condition and operating environment of the Bank;- internal control failures, including breaches of risk limits; and- legal and regulatory obligations, including supervisory concerns and the remedial actions taken to address them.

15. Company Secretary

15.1 The Board is supported by a licensed company secretary. The company secretary is responsible for preparing the minutes of the Board and Board Committees’ meetings, and to advise the Board on requirements of the CA 2016.

15.2 All directors shall have access to the advice of the company secretary on Board governance matters including best practices in corporate governance.

15.3 The company secretary keeps confidential the affairs of the Board at all times, and adheres to the company secretary’s Code of Ethics in Malaysia.

15.4 The appointment, at such remuneration, or removal of the company secretary shall be a decision of the Board. The Board notes the resignation of the company secretary.



- 15.5 The company secretary shall devote time commitment to properly discharge his/her duties effectively.
- 15.6 The company secretary shall be the secretary of the Board at all meetings. In the absence of the company secretary, the Chair shall decide the secretary of the meeting.
- 15.7 The company secretary shall have the following key responsibilities:
- To draw up meeting agendas in consultation with both the Chair and CEO.
 - To ensure all Board papers to be presented to the Board are circulated in a timely manner.
 - To prepare draft minutes for the Chair to review first and subsequently, circulated to the other directors.
 - To ensure matters arising for follow-up on action items by responsible person(s).

16. Access to Information

- 16.1 The Board shall be furnished with accurate and comprehensive papers / reports in a timely manner prior to each Board meeting. Sufficient time is to be given to enable the directors to procure further explanations and/or information, where necessary, so that deliberations at the meeting are focused and constructive.
- 16.2 All directors shall have access to all available information in the Bank and where permissible, available information within the Group in order to perform its duties.



17. Proceedings of Board Meetings

17.1 Frequency:

The Board shall meet at least once every quarter in a year and may convene additional meetings when required.

17.2 Quorum:

(i) A quorum of at least half of the Board members, the majority of whom shall be INED, is required at the outset of Board meetings.

The quorum for the transaction of business shall not be less than two (2) INED.

(ii) A duly convened Board meeting, at which a quorum is present, shall be competent to exercise all or any of the authority, power or discretion vested in or exercisable by the Board.

17.3 Director's attendance:

A director must attend at least 75% of the board meetings held in a financial year, and must not appoint another person to attend or participate in a board meeting on his/her behalf.

17.4 Other Attendees:

(i) Employees, etc. may attend Board meetings with permission of and/or upon the request of the Chair.

(ii) The Chief Executive Officer, Chief Operating Officer and Chief Risk Officer are permanent invitees to Board meetings.

(iii) All invitees shall not participate in decisions of the Board.

17.5 Notice and Agenda:

(i) The Notice of meeting shall be issued by the company secretary, at the request of the Chair or any members of the Board.

(ii) Unless otherwise agreed, notice and agenda of each Board meeting together with papers, shall be sent to the Board members at least two (2) weeks prior to the date of the meeting.

17.6 Meeting Mode:

(i) Physical meetings are preferred unless permission is obtained for any member to attend the meeting virtually.

(ii) The Board may from time to time and, if deemed appropriate, consider and approve relevant matters via circular resolution in writing, in lieu of formally convening a meeting. The circular resolution shall be as valid and effectual as if passed by a duly convened Board meeting.



18. Directors' Training and Induction Programme

- 18.1 The Board, through the recommendation of the Nomination Committee ("NC"), shall continuously assess and determine the training needs of the directors in ensuring the directors are kept abreast with current knowledge and skills.
- 18.2 The Bank has a training budget for the directors.
- 18.3 Induction programmes shall be done for newly appointed directors.

19. Board Evaluation / Fit & Proper requirements

- 19.1 The Board, through the NC, carries out Board evaluations annually to objectively assess the performance and effectiveness of the Board, Board Committees, individual directors, CEO and Chief Operating Officer.
- 19.2 The Board, upon recommendation from the NC, shall periodically engage external consultants or experts to assist in and lend objectivity to the annual Board evaluations.
- 19.3 The Board, through the NC, ensures that the fit and proper assessment of directors, senior management and company secretary is carried out on an annual basis or when required.

20. Board Committees

- 20.1 The Board has established the following Board Committees:
- Board Risk Management Committee
 - Board Technology Risk Committee
 - Audit Committee
 - Nomination Committee
 - Remuneration Committee
- 20.2 The Board shall determine appropriate compositions of the respective Board Committees. With the exception of the NC, other Board Committees must not have any executive director in its membership.
- 20.3 The Board approves the Terms of Reference of the Board Committees.
- 20.4 The Chair of the respective Board Committees shall provide verbal reports to the Board on the Committee's business at regular Board meetings. Written reports, by exception, shall be submitted to the Board.



21. Shariah Committee

- 21.1 The Shariah Committee (“SC”) has been established by the Bank to support the Islamic business.
- 21.2 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.
- 21.3 The SC tables the Shariah report and updates the Board at every meeting. The SC members shall have dialogue sessions with the Board on an annual basis.
- 21.4 The appointment / reappointment / removal of SC members shall be a decision of the Board, subject to BNM approval. The Board notes the resignation of an SC member.

22. Conflict of Interest

- 22.1 All directors are required to:
- Declare any interests that may give rise to potential or perceived conflict e.g. multiple directorships, business relationships or others that could interfere with objective judgement;
 - Declare, as soon as they become aware, matters/interests that may give rise to a conflict of interest at the outset of Board / Committees’ meetings. The conflicted director shall not participate in the discussions of that subject, nor vote on it.
- 22.2 The Board shall assess all potential or perceived conflicts of interest declared and shall decide as may be appropriate.

23. Code of Conduct

The Bank adopts the BNP Paribas’s Code of Conduct which applies to all directors, management, employees and/or other relevant stakeholders.

24. Shareholder Communication

The AGM represents an important event which all directors should attend and the Bank regards the AGM as a dialogue and interaction session with the shareholder.

25. Frequency of review

The Board Charter shall be reviewed annually or earlier, in the event of any material change.