

# THE MAYBANK CAMBODIA BOARD CHARTER

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## 1. INTRODUCTION

The Board acknowledges the importance of developing and maintaining a framework of Corporate Governance that is robust and sound, to promote a culture of integrity and transparency throughout MAYBANK (CAMBODIA) PLC. (the “Bank”). In this regard, all directors are required to maintain the highest standards of transparency, integrity and honesty. This standard serves as the basis for the principles that govern directors’ conduct and their relationship with the Bank’s stakeholder.

This Board Charter outlines among others, the respective roles, responsibilities and authorities of the Board (both individually and collectively) in setting the direction, management and control of the organisation.

The Board may from time to time review the contents of this Board Charter in tandem with the Bank’s Corporate Governance Framework to ensure its relevance and effectiveness in the light of the ever changing environment in which the Bank operates.

## 2. BOARD MANUAL

The Board has in place a Board Manual (the “Manual”), which acts as guidance to the Board in discharging their duties effectively. The Manual highlights the guiding principles and matters relating to Board organisation, responsibilities, and relevant internal policies and procedures, including those mentioned in this Board Charter.

## 3. ROLES AND RESPONSIBILITIES OF THE BOARD

3.1 The business and affairs of the Bank are managed under the direction and oversight of the Board, which also has the responsibility to periodically review and approve the overall strategies, business, organisation and significant policies of the Bank. The Bank also sets the Bank’s core values and adopts proper standards to ensure that the Bank operates with integrity, and complies with the relevant rules and regulations.

### 3.2 Reserved Matters for Board’s Decision

The Board also has a formal schedule of matters reserved for its decision which includes matters related to:-

- (a) the strategies, business plans and annual budget for the Bank;
- (b) the conduct and the performance of the Bank’s businesses;
- (c) principal risks affecting the Bank’s business;
- (d) the Bank’s internal control systems;
- (e) the succession plan and talent management plans for the Bank;
- (f) the appointment, remuneration and compensation of senior management;
- (g) the changes to the corporate organisation structure;
- (h) the appointment of Directors and Directors’ emoluments and benefits in accordance with the relevant statutes;

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- (i) the policies relating to corporate branding, public relations, investor relations and shareholder communication programmes; and
- (j) the Bank's strategies on promotion of sustainability focusing on environmental, social and governance (ESG) aspects.

### 3.3 Roles and Responsibilities

The Board has the responsibility to approve and periodically review the overall business strategies and significant policies of the Bank, premised on sustainability and promoting ethical conduct in business dealings, understanding the major risks faced by the Bank, setting acceptable levels of risk taking and ensuring that the Senior Management takes the steps necessary to identify, measure, monitor and control these risks. The Board also approves the organisational structure and ensures that Senior Management is monitoring the effectiveness of the internal control system. Among the primary obligations of the Board are as follows:-

- (a) Approving Bank Strategy, Business Plans and the Annual Budget and its half yearly review;
- (b) Ensuring that the Bank Strategy Plan supports long-term value creation and includes strategies on ESG considerations underpinning sustainability<sup>1</sup> including the corresponding opportunities and ESG-related risks;
- (c) Approving the recruitment, appointment, promotion, confirmation and termination of service, as well as the remuneration package, and compensation and benefits policies and the terms and conditions, including the job grade of executives in Key Management Positions;
- (d) Establishing and approving policies with Bank-wide applicability, which include Human Capital, Information Technology, Property, Procurement, Communications, Reporting, Funding, Capital Allocation/Raising, Risk Management, Anti-Money Laundering, etc.;
- (e) Establishing and approving policies on compliance for the Bank;
- (f) Approving changes to the corporate organisation structure of the Bank;
- (g) Determining the general composition of the Board (size, skill and balance between executive directors and non-executive directors) in order to ensure that the Board consists of the requisite diversity of skills, experience, gender qualification, and other core competencies required;
- (h) Approving a framework of remuneration for directors, covering fees, allowances, and benefits-in-kind (directors of all boards and committees);
- (i) Approving policies pertaining to corporate image, brand management, community relations, investor relations and shareholder communications programs;
- (j) Ensuring that the Bank has a beneficial influence on the economic well-being of the communities within which it operates, especially via its oversight of the Maybank Foundation, and endorsement of the initiatives and programmes carried out via the same;
- (k) Approving a Leadership Development framework for the Bank, further to identifying and ensuring succession planning within the Bank;

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- (l) Ensuring that the Board is supported by a suitably qualified and competent Corporate Secretary;
- (m) Ensuring that the Board members have access to appropriate education and training programmes to keep abreast of the latest developments in the industry, and as may be prescribed by the regulatory authorities from time to time; and
- (n) Approving the Bank's financial statements (and ensuring the reliability of the same) as well as the interim dividend and recommend the final dividend to shareholder and the application of Dividend Reinvestment Plan ("DRP") thereto (where applicable) prior to public announcements and publications as well as all circulars and press releases for release to the relevant authorities and media.

### 4. BOARD COMPOSITION

The composition of the Board reflects a good measure of objectivity and impartiality in order to ensure that the interest of the minority shareholder is not compromised. The influence of the nominees for the major shareholder of Maybank is balanced by the presence of the independent directors on the Board (who form the majority members of the Board) whose collective views carry significant weight in the Board's deliberation and decision-making process. Other salient factors which have been taken into account in determining the Board's composition are as follows:-

#### 4.1 Board Size

Based on the Board Manual, the ideal size of the Board shall be between Three (3) to Nine (9) members.

#### 4.2 Independent Director

The Board must comprise a majority of Independent Non-Executive directors at all times.

#### 4.3 Executive Director

The Bank shall not have more than one Executive director on the Board.

#### 4.4 The Chairman

The Chairman must be a Non-Executive director.

#### 4.5 Vice Chairman

The Board may appoint from among its members, a Vice Chairman and determine his roles and responsibilities.

#### 4.6 Director in Charge of Whistleblowing Policy

The Chair of the Audit Committee of the Board shall be the Non-Executive Director in charge of the effective implementation of the Bank's Whistleblowing Policy.

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### 5. SEPARATION OF ROLES AND RESPONSIBILITIES BETWEEN THE CHAIRMAN AND CEO

The roles and responsibilities of the Chairman and Chief Executive Officer (“CEO”) are separated with a clear division of responsibilities, defined, documented and approved by the Board, in line with best practices so as to ensure appropriate supervision of the Management. This distinction allows for a better understanding and distribution of responsibilities and accountabilities. The respective roles of the Chairman and the CEO are set out below:-

#### 5.1 The Role of the Chairman

The Chairman leads the Board and is also responsible for the effective performance of the Board. Working together with the Board, the Chairman ensures among others that:-

- (a) The Bank’s policy framework and strategies are aligned with the business activities driven by the Management and is consistent with the Bank’s objectives and aspirations;
- (b) The proceedings of the Board are conducted orderly, where healthy debate on issues being deliberated is encouraged to reflect an appropriate level of skepticism and independence;
- (c) The succession planning programme for the Board and senior management are at the appropriate level of effectiveness; and
- (d) The Board’s decisions are reached by consensus (and failing this, reflect the will of the majority), and any concern or dissenting view expressed by any director on any matter deliberated at meetings of the Board, or any of its Committees, as well as the meetings’ decisions, will accordingly be addressed and duly recorded in the relevant minutes of the meeting.

The Chairman also cultivates a healthy working relationship with the CEO and provides the necessary support and advice as appropriate.

#### 5.2 The Role of the CEO

The CEO may be appointed as an Executive Director on the Board. He is also the principal chief executive officer of the Bank. The CEO is delegated certain responsibilities by the Board and is primarily accountable for overseeing the day-to-day operations to ensure the smooth and effective running of the Bank. His primary responsibilities include the following:-

- (a) Mapping the medium to longer term plans for Board approval, and is accountable for implementing the policies and decisions of the Board;
- (b) Coordinating the development and implementation of business and corporate strategies, specifically by making sure that they are carried through to their desired outcomes, especially in the institution of remedial measures to address identified shortcomings;
- (c) Developing and translating the strategies into a set of manageable goals and priorities, and setting the overall strategic policy and direction of the business operations, investment and other activities based on effective risk management controls;
- (d) Ensuring that the financial management practice is performed at the highest level of integrity and transparency for the benefit of the shareholder and that the business and affairs of the Bank are carried out in an ethical manner and in full compliance with the relevant laws and regulations;

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- (e) Ensuring that social and environmental factors are not neglected;
- (f) Developing and maintaining strong communication programmes and dialogues with the shareholder, investor, analyst as well as employees, and providing effective leadership to the Bank organization; and
- (g) Ensuring high management competency as well as the emplacement of an effective management succession plan to sustain continuity of operations.

The CEO also functions as the intermediary between the Board and the Management.

### 6. BOARD APPOINTMENTS

A formal and transparent procedure is in place for the appointment of new directors to the Board, the primary responsibility of which has been delegated to the Group Nomination and Remuneration Committee (“NRC”). In the course of its duties, the NRC is guided by the Group’s Policy on the Nomination Process for the Appointment of Chairman, Director and CEO of Licensed Institutions in the Group (Policy on Nomination Process) which sets out a clear and transparent nomination process of the same, involving the following five stages:-



### 7. LIMITS ON EXTERNAL COMMITMENTS

#### 7.1 Limitation for Directors

Directors are not allowed to sit on the boards of more than five (5) listed companies and must hold less than fifteen (15) directorships in non-public listed companies, to ensure that their commitment, resources and time are more focused, enabling them to discharge their duties effectively.

#### 7.2 Consultation Prior to External Appointments

The Board values the experience and perspective that the Non-Executive directors gain from service on the boards of other companies, organisations or associations. However, prior to the acceptance of any relevant external appointments such as directorship of listed companies, organisations or other associations, Non-Executive directors should first consult with the Chairman on such proposed appointment. In any event, such commitments should not:-

- (a) cause a conflict of interest for the director;
- (b) affect the director’s independence;
- (c) have potential reputational consequence to the Bank; and/or
- (d) place demands on the director’s time that could hinder their ability to attend board meetings and discharge their responsibilities to the Company.

#### 7.3 Limitation for CEO

Considering the role of the CEO as a “brand agent” of the Bank where his involvement in various important institutions indirectly enhances the Bank’s profile both locally and globally, the Board has agreed that the CEO’s membership in external institutions/organisations should be limited to fifteen (15) organisations.

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### 8. POLICY ON TENURE OF DIRECTORSHIP

- 8.1 The appointment of members on the Board are subject to the approval of NBC.
- 8.2 The limitation on tenure of Independent Non-Executive Director (“INED”) is upon completion of a cumulative period of nine (9) years. Upon completion of the nine (9) year tenure, an INED may subject to the NRC’s recommendation and Board approval, continue to serve the Board from the ninth year onwards.

### 9. SUCCESSION PLAN

Appointments to the Board are not considered in isolation but as a component of the Board’s succession plan. In this context, the limitations on tenure of directorship as described in para. 8 above provides the Board with the opportunity to consider and reassess its succession plan periodically, not only to ensure continuity in meeting its long term goals and objectives but also to affirm that the knowledge, experience and skill sets of its members would be well suited to meet the demands of the ever changing landscape of the financial industry.

In furtherance thereof, the curriculum vitae of prospective candidates would from time to time, be discreetly obtained from various internal and external sources (including institutions which maintain salient details on directors with financial industry background) for further review by the NRC and the Board, to ensure that the Board has a steady pool of talent to choose from whenever there is a need to appoint additional members on the Board or otherwise, to replace a member who intends to retire or resign from the Board.

### 10. BOARD PROCESSES

#### 10.1 Frequency of Meetings

The Board meets at least once every two months. This consists of six (6) regular meetings in a calendar year inclusive of budget/business plan sessions. However, this does not include additional meetings convened as and when urgent issues and important decisions are required to be taken between the scheduled meetings.

Directors must attend at least 75% of Board meetings held in the financial year.

#### 10.2 Quality of Meeting Materials

Board Meetings for the ensuing financial year are scheduled in advance before the end of the financial year, so as to allow members of the Board to plan ahead and fit the coming years’ Board and Board Committees meetings into their respective schedules.

The Chairman, with the assistance of the Corporate Secretary, takes responsibility for ensuring that the members of the Board receive accurate, timely and clear information in respect of the Bank’s financial and operational performance to enable the Board to make sound decision and provide the necessary advice.

Prior to each Board meeting, an agenda together with comprehensive reports for each agenda item to be discussed will be forwarded to each director at least five (5) clear days before the scheduled meeting to enable the directors to obtain further clarification or explanation, where necessary, in order to be adequately apprised before the meeting.

In response to technological advancement in the digital space, the Board has taken the initiative to implement paperless board meeting where board papers are uploaded onto a secured platform, and is accessible via tablet devices.

### 10.3 Board Satisfaction Index

Performed every year, the Board Satisfaction Index is a mechanism used to ensure continuing adequate support is provided by the Corporate Secretary to the Board, to assist directors in discharging their duties effectively. The areas of assessment cover transactional and operational efficiency, which includes the quality of the minutes of the Board and Board Committees, of papers and meeting arrangements, and of training and knowledge management, as well as advisory services on matters concerning directors' duties, such as disclosure of interests and trading restrictions.

### 10.4 Minutes of Meetings

The directors (through the Corporate Secretary) shall cause minutes to be duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the Board. The minutes of meetings shall accurately record decisions taken and the views of individual Board Members, where appropriate. Such minutes shall be signed by the Chairman of the meeting at which the proceedings were held.

### 10.5 Quorum and Voting

Pursuant to the Constitution, at least 51% of the number of directors must be present at the Board meeting to form a quorum. Questions arising at any meeting of the directors shall be decided by a majority of votes. In case of an equality of votes the Chairman shall have a second or casting vote.

The Constitution also provides for members to attend a Board meeting via conference telephone, electronic or such other communication facilities which allows all persons participating in the meeting to communicate with each other simultaneously and instantaneously.

### 10.6 Board Time Without Management and/or Non-Independent Non-Executive Directors

In line with best practices of other companies, at the end of each Board meeting, a Board session without the Management is held. The purpose is to enable the Chairman to engage with the Non-Executive directors on issues that they would prefer to raise without the presence of CEO as well as a round-up session on the just concluded Board meeting.

Further to the session, the Chairman may follow up with the CEO on issues raised by the Board, such as:-

- (a) matters that require the CEO's follow-up e.g. business, and relationship or people issues;
- (b) matters concerning procedural points which requires improvements that the Corporate Secretary needs to work on; and/or
- (c) how the Chairman can better conduct future meetings.

At each Board meeting, some time may also be set aside for all INEDs to discuss any matters of concern relating to the Bank without the presence of Non-Independent Non-Executive Directors ("NINEDs") and the Management (the "INED Session"). Upon the request of the Chairman, the Corporate Secretary may attend this session to assist the Chairman.

### 10.7 Board Annual Outline

The Board Annual Outline highlights to the Board, the relevant Board Committees as well as the Management, the subject matters to be discussed for the year in order to facilitate better planning and for greater time effectiveness. The subject matters included in the Board Annual Outline cover the following broad topics:-

- (a) Strategy
- (b) Governance
- (c) Risk Management
- (d) Administrative

The Annual Board Outline will be reviewed at every Board meeting and updated, where appropriate.

## 11. CORPORATE SECRETARY

The Bank is required to retain the services of at least one Corporate Secretary and the appointment and removal of Corporate Secretary must be approved by the Board. Besides being responsible for supporting the effective function of the Board, the Corporate Secretary also advises the Board and the Senior Management on issues relating to corporate compliance with the relevant laws, rules, procedures and regulations affecting the Board, as well as the best practices of governance. The Corporate Secretary also facilitates effective flow of information between the Board, the Board Committees and the Senior Management.

The expectations of the regulators in respect of the function and responsibilities of the Corporate Secretary are as follows:-

- (i) to keep confidential the affairs of the Bank and its Senior Management at all times. If the Corporate Secretary also serves as the Corporate Secretary of an Affiliate<sup>1</sup>, he/she shall not disclose the affairs of the Bank or its Senior Management to the Affiliate except with the knowledge and consent of the Bank; and
- (ii) not to have competing time commitments that may impair his/her ability to discharge his/her duties effectively. Unless NBC approves otherwise in writing, the Corporate Secretary must devote the whole of his/her professional time to the affairs of the Bank which he/she represents. Nevertheless, this would not preclude the said Corporate Secretary from carrying out other responsibilities for the Bank, where these responsibilities do not conflict with his/her responsibilities to the Board.

More generally, the roles and responsibilities of a Corporate Secretary include, but are not limited to the following:

- (i) Manage all Board and Board committee meeting logistics, attend and record minutes of all such meetings and facilitate Board communications;
- (ii) Advise the Board on its roles and responsibilities;
- (iii) Facilitate the orientation of new Directors and assist in Director training and development;
- (iv) Advise the Board on corporate disclosures and compliance with company and securities regulations and listing requirements;
- (v) Communicate the decisions of the Board for senior management's attention and further action;

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<sup>1</sup> means in relation to an entity, refers to any corporation that controls, is controlled by, or is under common control with, the entity



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- (vi) Manage processes pertaining to the annual shareholder meeting;
- (vii) Monitor corporate governance developments and assist the board in applying governance practices to meet the board's needs and stakeholders' expectations; and
- (viii) Serve as a focal point for stakeholders' communication and engagement on corporate governance issues.

### 12. BOARD COMMITTEES

Certain functions of the Board are delegated to Board Committees, which comprise members of the Board and operate within clearly defined terms of references primarily to assist the Board in the execution of its duties and responsibilities. The following is a brief description of the Board Committees established by the Board:-

- 12.1 Nomination & Remuneration Committee<sup>2</sup> - To recommend to the Board, the appointment of new members on the Board and Board Committees including the conduct of annual evaluation of their performance/skill sets, both individually and collectively, as well as to evaluate recommendations for promotion and remuneration and compensation policies for executives in key management positions
- 12.2 Audit Committee of the Board - Review the adequacy of the internal audit scope and plan, functions and resources.
- 12.3 Risk Management Committee - To review and approve risk management strategies, risk frameworks, risk policies, risk tolerance and risk appetite limits.

At every Board meeting, the Chairman of the abovementioned Board Committees will brief the Board on salient matters and significant findings deliberated at the respective Board Committees' meetings, which require the Board's attention and/or notation.

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<sup>2</sup> Maybank Cambodia Plc. leverages on Group NRC

### 13. CONTINUING BOARD PROCESSES

The following are among the processes performed by the Board on a periodic basis:-

#### 13.1 Induction Programme for New Directors

The Bank has established a comprehensive induction programme to ease new directors into their new role and to assist them in their understanding of the management and operations of the company. New directors would be required to attend the programme as soon as possible after they have been appointed. Typically undertaken within a period of two days, the programme includes intensive one-on-one sessions with the CEO and the rest of the EXCO members, wherein the new directors would be briefed and brought up to speed on the challenges and issues faced by the Bank.

#### 13.2 Training for Directors

To ensure that Directors maintain a sound understanding of the business and affairs of the Bank as well as relevant market and regulatory developments, all Directors are required to attend training courses, workshops and/or seminars to ensure that they possess the knowledge and skills necessary to fulfil his responsibilities.

The Board bears the responsibility of ensuring that the Board members are adequately trained and possess the skill and knowledge necessary to discharge their duties and responsibilities as Directors. Hence, throughout the financial year, all Board members are required to attend various training programmes and workshops on issues relevant to the Bank, which are organised internally, as well as in collaboration with external training providers.

#### 13.3 Board Evaluation & Assessment

The NRC follows a formal and transparent process to assess the effectiveness of individual directors, the Board as a whole and its committees, as well as the performance of the CEO and the members of the EXCO (based on their respective Balanced Scorecard and other contributions) pursuant to the Board and Peer Annual Assessment exercise. This is undertaken upon the completion of every financial year.

#### 13.4 Remuneration

The Bank has established a Remuneration Framework for all Non-Executive directors, encompassing the recommended remuneration structure for all Non-Executive directors of the Bank. The Remuneration Framework is subject to review by the Board once every three years.

The Remuneration Framework is intended to pursue the following key objectives:-

- (a) To enable the Board to attract highly competent and qualified talents at regional and international level to serve the Board as it continues its journey towards becoming a regional financial services leader;
- (b) To align with the expertise, skills, work experience, increase in risks and responsibilities as well as time contributed by different directors at the same time integrating the diverse geographical locations where the Bank operates to ensure a different remuneration mechanism that is competitive with its regional peers towards becoming a truly regional bank; and
- (c) To ensure that the cost of governance is appropriately linked to the company's performance (such as in terms of size of revenue).

### 14. DECLARATION OF INTEREST

There are various provisions in the regulations which sets out the obligations of a Director whenever he encounters a situation of conflict. A conflict of interest occurs when a Director's personal interest conflicts with his responsibility to act in the best interest of the Bank.

These conflict situations present the risk that the Directors might make a decision based on or affected by these influences rather than in the best interest of the Bank. In general, when a Director encounters such a situation, his obligation would be:-

- (i) to declare to such interest to the Board; and
- (ii) not to participate in deliberations and vote on subjects/transactions in which he has an interest in.

The Bank has developed a Directors Conflict of Interest Policy ("CI Policy") to address the issue of Directors conflict of interest in terms of transactions (that they may have an interest in) as well as benefits (that they may receive from third parties) during their tenure on the Board. Among others, the CI Policy sets out the processes and procedures for the Directors to declare actual or potential conflict of interest and the obligation of the Board to address the same in accordance with the relevant regulations.

### 15. SUPPLY OF INFORMATION TO THE BOARD

The Board has full and unrestricted access to all information pertaining to the respective businesses and affairs of the Bank to enable it to discharge its duties effectively. Directors also have full and unrestricted access to the advice and services of the Senior Management and the Corporate Secretary.

Pursuant to the Bank's Policy and Procedure on Access to Independent Professional Advice, Senior Management and Corporate Secretary by Directors of the Bank, the Board has access to advice from third party experts or independent professionals on any matters deliberated by the Board and the costs of such advice shall be borne by the relevant entity within the Bank which the requesting Board represents.

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