



THE BOARD CHARTER

Table of Contents	Page No.
--------------------------	-----------------

1.0	Purpose	2
2.0	Definitions/Abbreviations	2
3.0	References	3
4.0	Board Governance Structure	3
5.0	General Policy	5
6.0	Authorities of the Board	6
7.0	Roles and Responsibilities of the Board, the Chairman and the Group Managing Director/Chief Executive Officer	6
8.0	Directors' Independence	12
9.0	Board Meetings	13
10.0	Board Review Process	14
11.0	Directors' Training and Continuous Education Training	15
12.0	Board Committees	15
13.0	Appointment of Director, Re-Election of Director Tenure of Office of a Director, Resignation of Director, Vacancy of Office and Removal of Director	16
14.0	Sharing of Independent Director	18
15.0	Code of Conduct And Ethics	19
16.0	Whistleblowing Policy	20
17.0	Directors' Remuneration and Benefits	20

1.0 PURPOSE

1.1 This Board Charter sets out the requirements of the Board of MIDF Group and aims to guide the Board in its stewardship role of MIDF Group based on the Companies Act 2016, the Financial Services Act 2013, Capital Markets Services Act 2007 and the respective entities' Memorandum and Article of Association/Constitution. Additionally, the Board Charter also recognises the aims to adopt related best practices and guidance from the following documents:

- (i) The Policy Document on Corporate Governance issued by Bank Negara Malaysia in 2016 which sets out BNM's expectations for financial institutions to have in place effective corporate governance arrangements consistent with the long-term viability of a financial institution; and
- (ii) The Malaysian Code of Corporate Governance 2017, which provides Principles and Recommendations promulgating good corporate governance practices and accountability of companies and their Board of Directors.

2.0 DEFINITIONS/ABBREVIATIONS

Amanah International Finance Sdn Bhd	AIF
Board	Board of Directors
BNM	Bank Negara Malaysia
Company/Bank	MIDF, MIDF Investment, MIDF Amanah, AIF and other subsidiaries in the Group
Independent Non-Executive	Independent
MIDF	Malaysia Industrial Development Finance
MIDF Group	MIDF and its subsidiaries
MIDF Amanah	MIDF Amanah Asset Management Berhad
MIDF Investment	MIDF Amanah Investment Bank Berhad
NC	Nomination Committee of MIDF Investment
NRC	Nomination and Remuneration Committee of MIDF
Non-Independent Non-Executive	Non-Independent
Subsidiaries	Subsidiary Companies of MIDF

3.0 REFERENCES

The Policy Document on Corporate Governance, Bank Negara Malaysia (Issued on 3 August 2016).

The Companies Act, 2016.

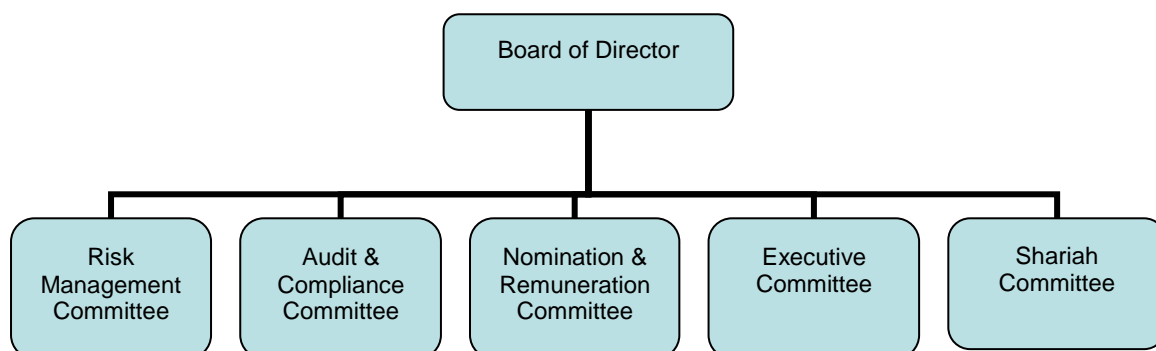
The Governance Standards & Best Practices for Participating Organization, Bursa Malaysia Securities Berhad (Issued on 16 June 2017).

The Malaysian Code on Corporate Governance 2017.

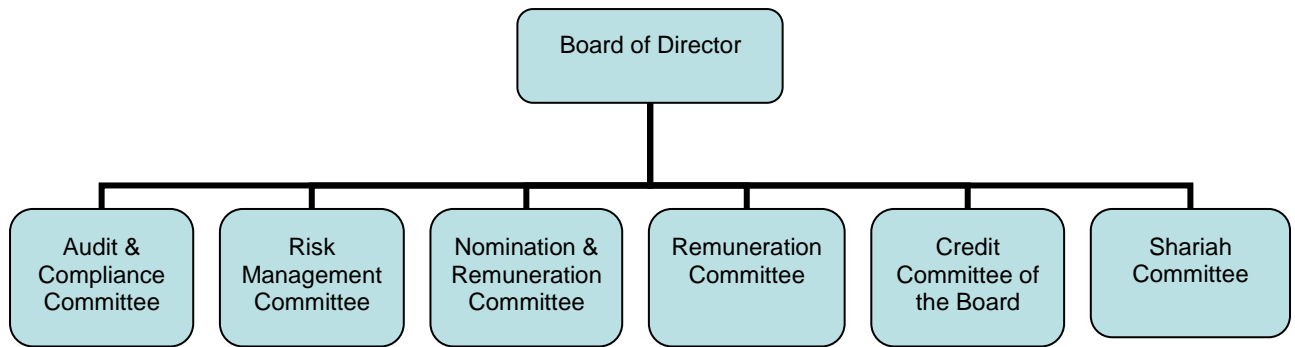
4.0 BOARD GOVERNANCE STRUCTURE

4.1 The role of the Board is to promote and protect the interest of MIDF Group. The Board shoulders the ultimate responsibility of determining the direction of the Group, thereby ensuring the long term success of the Group and the delivery of sustainable value to its stakeholders. The Board provides thought leadership and advice in fine-tuning corporate strategies, championing good governance and ethical practices, and ensures the effective execution of these strategies.

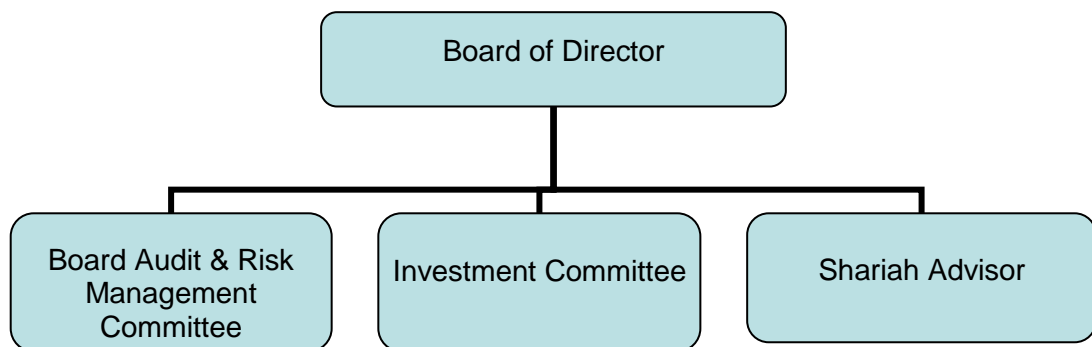
4.2 The governance structure of the Board of MIDF is as follows:



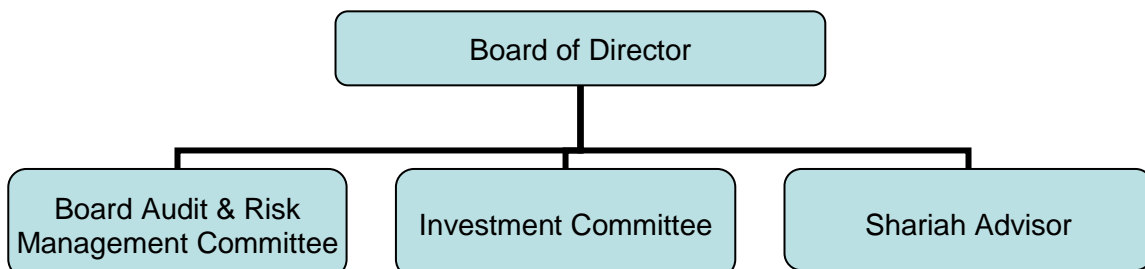
4.3 The governance structure of the Board of MIDF Investment is as follows:



4.4 The governance structure of the Board of MIDF Amanah is as follows:



4.5 The governance structure of the Board of AIF is as follows:



5.0 **GENERAL POLICY**

5.1 The size of the Board would be determined based on, among others, the following consideration:

- (i) The requirement of the Articles of Association/Constitutions of the respective Companies in the Group or such other number as may be required by the applicable laws and regulations, as amended from time to time. Currently, the Articles of Association/Constitutions of companies in MIDF Group state the following:

Company	Number of Directors
MIDF	Minimum of five (5) and maximum of fifteen (15) directors
MIDF Investment	Minimum of five (5) and maximum of twelve (12) directors
MIDF Amanah	Minimum of two (2) directors
AIF	Minimum of two (2) and maximum of seven (7) directors

- (ii) The evolving circumstances of the Company and Group in terms of its size and scope;
 - (iii) The need to achieve an appropriate balance of Executive and Non-Executive Directors and the Independent elements of Non-Executive Directors;
 - (iv) The need to establish Board committees;
 - (v) The quorum requirement for Board meetings; and
 - (vi) Other factors such as technical knowhow or experience in specific industry sector as well as the Board's diversity of professional experience, ethnicity, gender and age.
- 5.2 The Boards of MIDF, MIDF Investment, MIDF Amanah and AIF shall comprise a majority of Independent Directors at all times.
- 5.3 The skill sets required of the Board must be reviewed regularly to ensure alignment with the strategic direction and emerging challenges faced by the respective Companies in the Group.
- 5.4 A person shall not hold office as a director of a company or whether indirectly or indirectly be concerned with or takes part in the management of a company, if the person:
- (i) is a undischarged bankrupt;
 - (ii) has been convicted of an offence relating to the promotion, formation or management of a corporation;
 - (iii) has been convicted of an offence involving bribery; fraud or dishonesty;
 - (iv) has been convicted of an offence under sections 213, 217, 218, 228 and 539 of the Companies Act, 2016; and
 - (v) has been disqualified by the Court under section 199 of the Companies Act, 2016.

6.0 AUTHORITIES OF THE BOARD

6.1 The Board is authorised to do the following at the expense of MIDF Group:

- (i) Be provided resources in order to perform its duties;
- (ii) Have direct access to the Senior Management team and the external auditors;
- (iii) Have direct communication channels and access to the Company Secretary, and full and unrestricted access to information, records, properties and personnel of MIDF Group in performing their duties;
- (iv) Obtain external, legal or independent professional advice as deemed necessary;
- (v) Have immediate access to reports on fraud, irregularities and other material risk considerations from Group Control Assurance Services, Group Compliance, Group Risk Management or any other external parties being appointed to investigate fraud;
- (vi) Convene meeting with the external auditors without the presence of Management and where appropriate, the Company Secretary as deemed necessary; and
- (vii) Authorise investigation into fraud, illegal acts or suspected violations of MIDF Group policies involving Management or Directors.

7.0 ROLES AND RESPONSIBILITIES OF THE BOARD, THE CHAIRMAN AND THE GROUP MANAGING DIRECTOR/CHIEF EXECUTIVE OFFICER

7.1 Principal Responsibilities of the Board:

- (i) The duties and responsibilities of the Board comprise those at common law namely, fiduciary duties and those stipulated under the Companies Act 2016, Financial Services Act 2013, Regulatory Guidelines on Corporate Governance, as well as BNM Guidelines on Shariah Governance Framework for Islamic Financial Institutions (“IFI”);
- (ii) The business and affairs of the Company/Bank shall be managed under the direction and oversight of its Board of Directors, subject to any written law which may be applicable to the Company and its subsidiaries. In this respect, Subdivision 3 of the Companies Act, 2016, provides that the Board has all the powers necessary for managing, directing and supervising the management of the business of the company subject to limitations under the Companies Act, 2016 or in the respective Constitution/Memorandum & Articles of Association of MIDF and/or its subsidiaries;
- (iii) In discharging its duties, the Board should, amongst others:
 - (a) act in good faith in the best interests of the Company;

- (b) promote, together with the Senior Management, a sound corporate culture within the Company which reinforces ethical, prudent and professional behaviour;
- (c) exercise reasonable care, skill and diligence with:
 - the knowledge, skill and experience which may reasonably be expected of a director having the same responsibilities; and
 - any additional knowledge, skill and experience which the director has.
- (d) Review and oversee the implementation of strategic plan:
 - The Board should review the business strategic plan of the Company/Bank and satisfy itself that all appropriate considerations concerning every aspects of the business have been taken into account by the Management;
 - The review by the Board should include, amongst others, analysing the existing corporate strategy against internal and external factors, and evaluating the progress and performance towards achieving the designated business objectives;
 - The Board shall provide the strategic leadership that influences financial position and future direction of an organisation; and
 - The Board shall promote sustainability through appropriate environmental, social and governance considerations in the business strategies.
- (e) Oversee and identify appropriate risk management and internal control framework:
 - In relation to risk management, the Board shall ensure that the Company's/Bank's corporate objectives are supported by a sound risk strategy and effective risk management framework that is appropriate to the nature, scale and complexity of its activities. Additionally, the Board must provide effective oversight of senior management's actions to ensure consistency with the risk strategy and policies approved by the board, including the risk appetite framework; and

- The Board shall review the effectiveness of internal control system and risk management processes as to ensure the interest of the stakeholders and the Company's/Bank's assets are safeguarded against any possible losses as well as ensuring the viability and sustainability of the Company's/Bank's business operations.
- (f) The Board should oversee the implementation of the Company's/Bank's governance framework and periodically review such framework to ensure it remains appropriate and relevant with the changes to the size, nature and complexity of the Company's/Bank's business operations and strategies;
- (g) The Board should ensure the adequacy and integrity of the management information and reporting system of the Company/Bank, including the system of reporting on internal controls, financial and regulatory compliance. In addition, the Board should fulfil its fiduciary role in scrutinizing the management information performance and the quality, reliability and transparency of both the Company's/Bank's financial and non-financial information;
- (h) The Board should oversee the human capital development process, particularly on the succession planning, selection and performance of Group Managing Director ("GMD")/Chief Executive Officer ("CEO"), Senior Management and key personnel of the Company/Bank. This is crucial to ensure that the key persons of the Company/Bank are fit and competent to effectively and continuously lead the business operations and growth;
- (i) Oversee and approve the recovery and resolution as well as business continuity plans to restore the Company's/Bank's financial strength and maintain or preserve critical operations as well as services when the Company/Bank comes under stress;
- (iv) The size, composition, and diversity of the Board shall be reviewed and determined from time to time to reflect the Company's requirements and to facilitate effective decision-making. In this connection, the Board must establish and regularly review succession plans for the Board to promote Board renewal and address any vacancies;
- (v) In discharging its responsibilities, the Board shall, among other things, have regard to the Islamic Financial Services Act, 2013 and the relevant regulatory policies and guidelines for financial institutions as issued from time to time; and

(vi) In the case of an independent director, the Board shall make recommendation and provide justifications to shareholders at a general meeting should it seek to retain the director as an Independent Director. Alternatively, the Independent Director may continue to serve on the Board subject to the director's re-designation as a Non-Independent Director.

(vii) Director's External Commitment:

- A director is required to commit his time, to regularly update his knowledge and enhance his skills, as appropriate, to enable him to discharge his duties effectively. The director is expected to commit in terms of both time and focus by way of attending meetings as well as ensuring adequate preparation to participate effectively at these meetings, with the overriding view to ensuring an effective board oversight over all key aspects of the Company's operations;
- Additionally, all Board members are required to notify the Chairman of the Board before accepting new directorships outside the Group and indicating the time that will be spent on the new directorship. Similarly, the Chairman of the Board shall also do likewise before taking up any additional appointment of directorships; and
- A director shall not hold more than five (5) directorships in public listed companies.

(viii) Business Judgment Rule

A director who makes a business judgment is deemed to meet the above requirements on duty of directors if his decision was made in good faith for a proper purpose, does not have material personal interest in the subject matter, was informed about the subject matter as he believed to be appropriate and reasonably believed that the business judgment was in the best interest of the Company (Section 214 of the Companies Act 2016). The objective of this provision is to protect the authority of directors in the exercise of their duties in good faith and for proper purpose.

(ix) Reliance on Professional Advice:

- A director, in exercising his duties may rely on information, professional or expert advice provided by others including officers of the Company, persons retained by the company for their skills on the subject matter, another director (within that director's authority) and any Board committees which the director did not serve (Section 215 of Companies Act 2016); and

- The director's reliance would be deemed to be made on reasonable grounds if it was made in good faith and independent assessment of the information provided had been made. The objective of this provision is to enable directors to rely on others, provided made reasonably.

(x) Responsibility of a Nominee Director

Section 217 of the Companies Act 2016 recognises the current commercial reality of major shareholders appointing their nominee directors on the respective boards. As such, the law now makes clear that the primary duty of nominee directors is to act in the best interest of the Company/Bank, especially when there is a conflict of interest between the appointer and Company/Bank. The nominator shall not subordinate his duty to act in the best interest of the company to his nominator.

(xi) Responsibility for Actions of Delegatee:

- Except as is otherwise provided by the Act, the constitution or any resolution of the Board or members of the Company/Bank, the directors may delegate any power of the Board to any committee of the Board, director, officer, employee, expert or any other person; and
- Where the directors have delegated any power, the directors are responsible for the exercise of the power by the delegatee as if the power had been exercised by the directors themselves (Section 216(2) of Companies Act 2016).

(xii) Conflict of Interest:

- A Director is required to disclose to the Board, the nature and extent of his interest in a material transaction or material arrangement, and, if such material transaction or material arrangement is being deliberated during a board meeting, to be absent from the meeting during such deliberation (Section 58 of the Financial Services Act 2013); and
- An existing or proposed transaction or arrangement will be considered "material" if it is one which a Director is required to declare under Section 221 of the Companies Act 2016, unless the Director or any person linked to him cannot reasonably be expected to derive a benefit or suffer a detriment from the transaction or arrangement in a way that will place the director in a position of conflict.

7.2 Roles and Responsibilities of the Chairman and the Group Managing Director/Chief Executive Officer

- (i) The roles and responsibilities of the Chairman and the Group Managing Director/Chief Executive Officer are clearly separated, defined, documented and reviewed regularly, to ensure that the need of the Company is met. This distinction allows for a better understanding and distribution of jurisdictional responsibilities and accountabilities. The clear hierarchical structure with its focused approach and attendant authority limits also facilitates efficiency and expedites informed decision-making.
- (ii) The roles of the Chairman:
 - (a) The Chairman of the Board must not be an executive and must not have served as a GMD/CEO of the Company/Bank in the past five (5) years;
 - (b) The Chairman is elected by the Board to provide leadership at Board level and will preside at all Board meetings and general meetings of the Company/Bank. The Chairman will act independently in the best interest of the Company/Bank and is responsible for ensuring Board effectiveness and standard of conduct;
 - (c) The Chairman, in leading the Board, is responsible for the effective overall functioning of the Board. In fulfilling this role, the Chairman must:
 - Ensure the smooth functioning of the Board, the governance structure and inculcating positive culture in the Board;
 - Ensure that appropriate guidelines and procedures are in place to govern the Board's operation and conduct;
 - 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, and that directors receive relevant information on a timely basis as well as ensuring that all relevant issues are on agenda for Board meeting;
 - Encourage healthy discussion and ensure that dissenting views can be freely expressed and discussed. The Chairman must provide avenues for all Directors to participate openly in the discussion; and
 - Provide leadership to the Board and responsible to address the Board's developmental needs.
- (iii) The roles of the Group Managing Director ("GMD")/Chief Executive Officer ("CEO")

The GMD/CEO holds an executive function and his responsibilities include, amongst others:

- (a) Developing the strategic direction of the Company/Bank;
- (b) Ensuring that the Company/Bank's strategies and corporate policies are effectively implemented;
- (c) Ensuring that the Board's decisions are implemented and Board directions are responded to;
- (d) Providing directions in the implementation of short and long term business plans;
- (e) Providing strong leadership i.e. effectively communicating a vision management philosophy and business strategy to the employees;
- (f) Keeping the Board fully informed of all business aspects of the Company/Bank's operations and ensuring sufficient information is distributed to the Board members; and
- (g) Ensuring the day-to-day business affairs of the Company/Bank are effectively managed.

7.3 The Roles of the Senior Independent Non-Executive Director

- (i) The Board may select and appoint a Senior Independent Non-Executive Director from among its Independent Non-Executive Director.
- (ii) The selection of Senior Independent Non-Executive Director is based on his experience and the significant influence he has within the Board, ability to convey concerns of the Independent Non-Executive Director on the Board to the other members of the Board and in the event of dissention between the Chairman and/or GMD/CEO in the execution of their duties.
- (iii) The duties of the Senior Independent Non-Executive Director shall include acting as a sounding board for the Chairman, an intermediary for other Directors when necessary, and the point of contact for shareholders and other stakeholders with concerns which have failed to be resolved or would not be appropriate to be communicated through the normal channel of the Chairman and/or GMD/CEO
- (iv) The Senior Independent Non-Executive Director shall serve as the principal conduit between the Independent Non-Executive Director and the Chairman on sensitive issues, such as issues that arise from "whistleblowing" (Further details as set out in paragraph 16 below).

8.0 **DIRECTORS' INDEPENDENCE**

- 8.1 An Independent Director is a director who is independent of management and free from any business or other relationships, which could interfere with the exercise of independent judgment or the ability to act in the best interest of MIDF and/or its Subsidiaries.

8.2 An Independent Director shall not:

- (i) have more than 5% equity interest directly or indirectly in MIDF and/or its Subsidiaries or in its related companies;
- (ii) be connected¹ to a substantial shareholder of MIDF and/or Subsidiaries or under an obligation to act in accordance with the substantial shareholder or any other person;
- (iii) be employed in an executive position in MIDF and/or Subsidiaries or its related companies, at least two years prior to his appointment date;
- (iv) have an immediate family member who is, or has been in the past two years, employed by MIDF and/or its Subsidiaries or any of its related company as a key senior officer². For this purpose, an 'immediate family member' means the spouse, parent, brother, sister, child (including adopted or step child) and the spouse of such brother, sister or child, of the Independent Director;
- (v) engage in any transaction, or have been engaged in any transaction within the last two years with MIDF and/or its Subsidiaries, whether with other persons or through a firm or company of which he is a partner, director or major shareholder, the value of which exceeds RM1.0 million. However, 'transactions' as stated above shall exclude the following transactions:
 - (a) for personal use of the said director;
 - (b) for personal investment of the said director except for the purpose of carrying on a trade or business; or
 - (c) normal banking transactions other than loans and advances provided that such transactions are on normal commercial terms. A director of MIDF and/or its Subsidiaries will still be deemed independent if the company in which he is also a director, has loans with MIDF and/or its Subsidiaries, provided he is not a substantial shareholder of the company, or a guarantor of the loan and is not involved in the deliberation and decision-making process.
- (vi) be engaged as a professional adviser by MIDF and/or its Subsidiaries or any related company of MIDF and/or its Subsidiaries, either personally or through a firm or company of which he is a partner, director or major shareholder, as the case may be;
- (vii) act as a nominee or representative of any executive director or major shareholder of MIDF and/or its Subsidiaries; and
- (viii) have served the Board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interest of MIDF and/or its Subsidiaries.

¹ A person is connected to a substantial shareholder (that is holds >5% of the equity interest) if he is :

- Spouse, parent, brother, sister, child (including adopted or step child) and the spouse of such brother, sister or child, of the substantial shareholder;
- Under an obligation, whether directly or indirectly, to act in accordance with the instructions or directions of the substantial shareholder; or
- Any other person deemed by BNM to be connected with the substantial shareholder.

²Member of the Group Management Committee of MIDF.

9.0 BOARD MEETINGS

- 9.1 The Board shall meet sufficiently to discharge its duties effectively.
- 9.2 Reasonable notice of meetings and the business to be considered shall be given to members of the Board. The proceedings of the Board will be governed by the Company's Constitution/Articles of Association. The Chairman, at his discretion, may invite the senior management or other senior executives or professional advisers to attend and to be heard at the Board meetings.
- 9.3 A detailed agenda, together with the supporting documentation, must be circulated, in advance of each meeting to the members of the Board and other invitees. Board members must be fully prepared for Board meetings to be able to provide appropriate and constructive input on matters for discussion and decisions.
- 9.4 The Company Secretary is the secretary to the Board and shall take minutes of the meetings. The minutes must be completed as soon as possible after the meeting and circulated to the Chairman and members of the Board for review thereof. The minutes must be formally approved by the Board at its next scheduled meeting.
- 9.5 Board members must attend all scheduled meetings of the Board, including meetings called on an ad-hoc basis for special matters unless prior apology, with reasons, has been submitted to the Chairman or Company Secretary. If the Chairman of the Board is absent from a meeting, the directors present must elect one of the directors present to act as chairman.
- 9.6 A Director must devote sufficient time to prepare for and attend board meetings, and maintain a sound understanding of the Company/Bank's business as well as relevant market and regulatory developments.
- 9.7 A Director must attend at least 75% of the board meetings held in each financial year, and must not appoint another person to attend or participate in a board meeting on his behalf.
- 9.8 The Company/Bank must ensure that attendance at board meetings, by way other than physical presence, remains an exception rather than the norm, and is subject to appropriate safeguards to preserve the confidentiality of deliberations.
- 9.9 The quorum necessary for the transaction of the business of the Directors shall be fifty per centum (50%) of the total number of Board members.
- 9.10 The Board must ensure that clear and accurate minutes of board meetings are maintained to record the decisions of the Board, including the key deliberations, rationale for each decision made and any significant concerns or dissenting views. The minutes must indicate whether any Director abstained from voting or excused himself from deliberating on a particular matter.
- 9.11 The Company/Bank must provide the Board with access to advice from third party experts on any matter deliberated by the Board as and when required, and the cost of such advice shall be borne by the Company/Bank.

10.0 BOARD REVIEW PROCESS

10.1 Fit and Proper Assessment

- (i) Each Director must be assessed against the minimum requirements set out in the Articles of Association of the Company both prior to initial appointment and at a regular interval of at least annually, or as and when the Board becomes aware of information that may materially compromise the Director's fitness and propriety, or any circumstance that suggest that the Director is ineffective, errant or otherwise unsuited to carry out his responsibilities.
- (ii) A Director must immediately disclose to the Board any circumstance that may affect his ability to meet the minimum requirements.

10.2 Board Performance Evaluation

- (i) On an annual basis, the Board, with the assistance of the NRC/NC, shall evaluate its own performance to objectively assess the performance and effectiveness of the Board, Board Committee and individual Directors. This is important to enable the Board to identify areas for professional development and process improvements, having regard to the changing needs of the Company/Bank.
- (ii) The Board must dedicate sufficient resources towards the on-going development of its members. This must include dedicating an adequate budget, having in place development plans for directors and regularly updating such plans to ensure each director possesses the knowledge and skills necessary to fulfil his responsibilities.

11.0 DIRECTORS' TRAINING AND CONTINUOUS EDUCATION TRAINING

- 11.1 All newly appointed directors will be briefed on the structure and the business activities of the Group and are required to attend the FIDE Training Programmes (applicable to MIDF and MIDF Investment directors) as required by BNM and the Capital Market Directors' Programme (applicable to MIDF Investment and MIDF Amanah directors) as required by the Securities Commission Malaysia.
- 11.2 All directors are encouraged to attend a continuous education or suitable training programme each year to ensure that each director receives regular briefings and updates on changes in risks, laws and regulations, economic scenario and the industry climate affecting the business, and to continuously upgrade their knowledge and understanding of their roles and responsibilities as directors.

12.0 BOARD COMMITTEES

- 12.1 The Board has established Board Committees to assist the Board in exercising its roles and responsibilities. The Board delegates certain governance responsibilities to the Board Committees, which operate within clearly defined terms of references primarily to assist the Board in the execution of its duties and responsibilities.

- 12.2 Each Committee has its own specific terms of reference as approved by the Board. The powers and authority delegated to these Committees are also set out in the terms of reference of each of the Committees. The terms of reference of the Committees will be reviewed as and when needed and amended accordingly after approval by the Board.
- 12.3 The Board may also establish and delegate specific functions to ad hoc committees as and when required.
- 12.4 The terms of reference of the Board Committees of the respective Companies in the Group are as per **APPENDIX 1**.

13.0 APPOINTMENT OF DIRECTOR, RE-ELECTION OF DIRECTOR, TENURE OF OFFICE OF A DIRECTOR, RESIGNATION OF DIRECTOR, VACANCY OF OFFICE AND REMOVAL OF DIRECTOR

- 13.1 A Director must fulfil the following minimum requirements at the time of his appointment and on a continuing basis:
- (i) A Director must not be disqualified under Section 59(1) of the Financial Services Act 2013 and must comply with the fit and proper requirements;
 - (ii) A Director must not have competing time commitments that impair his ability to discharge his duties effectively;
 - (iii) A Director must not be an active politician;
 - (iv) A Director must not be appointed from any of the officers of the Company's external auditors ("Firm") until at least two (2) years after:
 - (a) He ceases to be an officer or partner of the Firm; or
 - (b) The Firm last served as an external auditor of the Bank.

13.2 Appointment of Director

- (i) There is a formal and transparent procedure for the appointment of new directors to the Board, the primary responsibility of which has been delegated to the Nomination and Remuneration Committee ("NRC") of MIDF.
- (ii) Guided by the Fit and Proper Policy ("FAP Policy") as well as the Bank Negara Malaysia Guidelines on Fit and Proper Criteria ("Guidelines on Fit and Proper Criteria"), the NRC recommends to the Board suitable candidates for directorships and appointment of senior personnel of the Company. The NRC also ensures candidates satisfy the relevant requirements on the skills and core competencies of a director and are deemed fit and proper to be appointed as director in accordance with the FAP Policy and the Guidelines on Fit and Proper Criteria.

- (iii) The FAP Policy and the Guidelines on Fit and Proper Criteria acts as a guide for the NRC and the Board to determine the overall suitability of a candidate to be appointed to the Board. It outlines the attributes and qualifications of a candidate to determine his suitability, amongst others, his management and leadership experience, which ought to be at the most senior level in a reputable local or international financial services group or professional bodies. In respect of the candidate's skills, expertise and background, he should ideally and to the extent available, possess a diverse range of skills, including, in particular, business, legal and financial expertise, professional knowledge and financial industry experience.

13.3 Re-election of Director

- (i) At every Annual General Meeting of the Company, one third (1/3) of the Directors, or if their number is not three or any multiple of three, then the number nearest to one-third shall retire from office, but be eligible for reelection.

13.4 Tenure of Office of a Director

- (i) Non-independent non-executive director ("Non-INED")
 - (a) The tenure of a non-independent non-executive Director shall not exceed a cumulative and maximum term of nine (9) years. The tenure shall be a consecutive service of a full term of nine (9) years with MIDF and/or its subsidiaries.
 - (b) The shareholder of MIDF and/or MIDF (as shareholder of its subsidiaries) shall determine whether its nominee shall continue to be on the Board after the expiry of the tenure.
- (ii) Independent non-executive director
 - (a) The tenure of an Independent Director shall not exceed a cumulative and maximum term of nine (9) years. The tenure shall be a consecutive service of a full term of nine (9) years with MIDF and/or its subsidiaries.
 - (b) Upon completion of the above tenure, an Independent Director may continue to serve on the Board of MIDF and/or its Subsidiaries, subject to the director's re-designation as a non-independent director.
 - (c) The Board may justify and seek shareholder's approval in a general meeting in the event MIDF and/or its Subsidiaries retains as an Independent Director, a person who has served in that capacity for more than nine (9) years.

13.5 Resignation of Director

- (i) Generally, a director may resign from office anytime unless he has contracted to serve the company for a fixed term and that term has expired. In which case, the resignation of the executive director must be in accordance with his terms of employment, otherwise he will be liable for breach of contract.
- (ii) The resigning director is to submit his resignation letter to the Chairman of the Board and the Board would consider and accept his resignation letter.
- (iii) The written approval of BNM must be obtained before (applicable to MIDF and MIDF Investment only):
 - (a) A financial institution removes an Independent Director; and
 - (b) An Independent Director resigns from his position.

13.6 Vacancy of Office

- (i) In accordance with the Company's Articles and Association/Constitution, the office of a Director shall become vacant if the Director: -
 - (a) ceases to be a director by virtue of the Companies Act 2016;
 - (b) becomes bankrupt or makes any arrangement or composition with his creditors generally;
 - (c) becomes prohibited from being a Director by reason of any order made under the Companies Act 2016;
 - (d) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental disorder;
 - (e) is absent without the permission of the Directors from more than 25% of meetings of the Directors held during that period;
 - (f) resigns his office by notice in writing to the Company/Bank;
 - (g) is directly or indirectly interested in any contract or proposed contract with the Bank and fails to declare the nature of his interest in the manner required by the Companies Act 2016; and
 - (h) is removed by a resolution of the Company in a General Meeting in accordance with the Companies Act, 2016.

13.7 Removal of Director

For MIDF and/or its Subsidiaries which are regulated by BNM, all resignations and removal of Independent Directors from the Board shall only take effect after the respective Board has cleared the resignation and removal of the Independent Directors with BNM.

14.0 SHARING OF INDEPENDENT DIRECTOR

- 14.1 Sharing of Independent Director within MIDF Group is allowed provided the director gives a declaration on his independence and that he is not taking instructions from any person including MIDF as the parent company.
- 14.2 While common directors on the board of a financial institution and its affiliates can contribute to group oversight and alignment, inordinate overlaps in board membership can raise conflicts, particularly where issues affect the financial institution and its affiliate in different ways. To ensure that group interests are appropriately balanced against the fiduciary and statutory duties that directors owe towards each legal entity they serve, directors who are board members of a financial institution and its affiliates must remain in the minority of the financial institution's board if –
- (i) one entity is a licensed bank or licensed investment bank, and the other is a licensed Islamic bank;
 - (ii) the affiliate is a holding company or subsidiary of the financial institution that is itself a financial institution; or
 - (iii) there are strong operational dependencies (where the relevant institutions operate under centralised or shared services arrangements, particularly in respect of control functions) between the financial institution and the affiliate.

15.0 CODE OF CONDUCT AND ETHICS

- 15.1 The Board shall formalise and maintain a set of ethical standards of behaviour expected of all Directors, Management, employees and, where applicable, counterparts and business partners through the Group's Code of Business Conduct and together with Management implement its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.
- 15.2 The policies of the Group's Code of Business Conduct should be integrated into group-wide management practices.

16.0 WHISTLEBLOWING POLICY

- 16.1 The Board should establish, review and together with Management implement appropriate policies and procedures on whistleblowing.
- 16.2 The oversight of the whistleblowing function is under the purview of the Senior Independent Non-Executive Director (appointed as Non-Executive Director for Whistleblowing) who shall ensure that all reported violations are properly investigated. The Non-Executive Director for Whistleblowing is also responsible for reviewing the effectiveness of the actions taken in response to all concerns raised.

- 16.3 The Non-Executive Director for Whistleblowing shall have the authority:
- (i) To determine the legitimacy of the reported violations and to direct further action;
 - (ii) To consider the outcomes of the fraud investigations and to direct further action;
 - (iii) To evaluate periodic reports that monitor and assess how concerns are escalated and dealt with; and
 - (iv) To oversee periodic reviews of the effectiveness of the whistleblowing policy.

17.0 DIRECTORS' REMUNERATION AND BENEFITS

17.1 Directors' Remuneration

- (i) The average annual increase of 3% per annum be adopted by MIDF Group; and
- (ii) The remuneration of the non-executive directors within MIDF Group will be reviewed every three (3) years and the Company Secretary will update the result of the remuneration for review of the NRC/Board and subsequently to the respective shareholders.

17.2 Directors' Benefits

As per **APPENDIX 2**

APPENDIX 1

MALAYSIAN INDUSTRIAL DEVELOPMENT FINANCE BERHAD

THE TERMS OF REFERENCE OF THE EXECUTIVE COMMITTEE (“EXCO”)

1. Objective

The EXCO is to carry out the duties and responsibilities as delegated by the Board inter alia, managing the business, corporate performance and credit risk of the Company.

The EXCO is authorised by the Board to do the following:-

- (i) To carry out any activity and duties within its terms of reference.
- (ii) To seek any information it requires from any employee, and all employees are directed to cooperate with, and accede to any request made by the EXCO.
- (iii) To have access to any resources required to perform its duties. It may, at the expense of the Company, seek any external legal or other independent professional advice and to secure the attendance of external parties with relevant expertise and experience if the EXCO deems it necessary.
- (iv) To have full and unlimited access to any information pertaining to the Group, subject to any regulatory restrictions.

2. Composition

- (i) The Board shall appoint the EXCO members from amongst their members who are independent and non-independent Directors. The minimum number of members shall be four (4) members.
- (ii) At least one (1) member of the EXCO shall be an Executive Director.
- (iii) The Chairman of the EXCO shall be the Chairman of the Board of MIDF.
- (iv) The Board shall review the appointment of its members at least once every two (2) years or as and when required.

3. Meeting Proceedings

- (i) The meetings of the EXCO shall be held as and when required.
- (ii) The quorum for a meeting shall be three (3) members.
- (iii) In the absence of the Chairman, the majority of the members shall elect a Chairman for the meeting, from amongst the members present.

4. **Duties and Responsibilities**

The EXCO shall undertake the following duties and responsibilities:-

- (i) To provide guidance on strategic policies and directions, and operational matters to Management.
- (ii) To review and approve any subsequent amendment to corporate policies as delegated by the Board.
- (iii) To approve organisation structure of company as delegated by the Board. This is made reference to any structural changes to the organization/subsidiary chart. Organization/subsidiary here means MIDF Berhad or any of the subsidiaries.
- (iv) To approve setting up of new branch office, closure or relocation of branch office of the DFD.
- (v) To approve group borrowings and related Financings arrangements, subject to the authority limits as delegated by the Board.
- (vi) To review and approve any subsequent amendment to list of authorised persons to trade and operate on the Corporate Trading Account.
- (vii) To approve human resource matters in relation to recruitment, promotion, confirmation, transfer and termination/resignation of Key Senior Management Officers.
- (viii) To approve disciplinary actions on Key Senior Management Officers.
- (ix) To approve litigation actions, subject to the authority limits as delegated by the Board.
- (x) To approve outsourcing agreements and execution of contracts and agreements (other than outsourcing agreements), subject to the authority limits as delegated by the Board.
- (xi) To approve operational expenditure and capital expenditure, including the disposal and write-off of fixed assets and write-off of debts that are above the Group Managing Director's authority, subject to the authority limits as delegated by the Board.
- (xii) To review and approve all administration matters that are above the Group Managing Director's authority, subject to the authority limits as delegated by the Board.
- (xiii) To assess and approve applications for medical board out by staff of MIDF and its subsidiaries.
- (xiv) To attend to matters relating to financings operations of the Development Finance Division ("DFD") as follows:-
 - To review the performance of DFD and its business plans for meeting targets.
 - To review and approve any new and/or amendments to the financings policies of DFD.

- To affirm/veto any financing approvals and other facilities approved by Credit & Investment Committee of DFD under the proprietary funds for amounts over RM5,000,000 (over RM2,000,000 for approvals on unsecured basis). This limit shall include the total DFD proprietary exposure based on principal amount outstanding and principal amount committed but not yet disbursed to a single enterprise or to a group of related companies, including the guarantees provided by the holding company or corporate shareholders or individual shareholders or individual shareholders/directors in favour of DFD with respect to the existing DFD facilities under the proprietary funds.
- To approve impairment and monitor the movement in impaired financing facilities, suspension of profit/interest and guarantee facilities.
- To waive/write-off balances due from Customers.
 - To consider and approve proposals for waivers/write-off of profit/interest-in-suspense and other charges including interest on delayed payment, prepayment penalty/*Ta'widh* and miscellaneous items due from Customers on cumulative basis (but excluding principal and profit/interest) exceeding RM50,000.
 - To consider and approve all proposals for waivers/write-off of principal and profit/interest due from Customers, subject to a cumulative amount of RM5,000,000 per annum.
 - To consider proposals for waivers/write-off of principal and profit/interest due from Customers exceeding RM5,000,000 per annum and make the appropriate recommendation to the Board of Directors.

THE TERMS OF REFERENCE OF THE NOMINATION AND REMUNERATION COMMITTEE
("NRC")

1. Objective

The objective of NRC is to provide a formal and transparent procedure for:-

- (i) the appointment of the MIDF Group of Companies Board of Directors and Key Senior Management Officers as well as assessment of the effectiveness in their roles with the exception of Head of GCAS and CRO of MIDF.
- (ii) the development of remuneration policy for non-executive Directors and Key Senior Management Officers of the holding company as well as development of the overall Group Human Resources policies, and ensuring that these policies are competitive and consistent with the industry practice.

2. Composition

- (i) The NRC shall consist of a **minimum of five (5)** members, of which **at least four (4) must be non-executive directors**.
- (ii) The committee should be **chaired by an independent director**. In order to avoid conflict of interest, a member of the committee shall abstain from participating in discussions and decisions on matters involving him/her.

3. Meeting Proceedings

- (i) NRC shall meet at least twice a year to deliberate on the below responsibilities.
- (ii) The quorum for a meeting shall be at least two (2) members present of which at least one (1) of the members must be an independent director.
- (iii) In the absence of the Chairman, the majority of the members shall elect a Chairman for the meeting, from amongst the members present.

4. Duties and Responsibilities

The NRC is responsible for the following:-

(a) Nomination

- (i) To establish and recommend to the Board the minimum requirements for the members of Board of Directors i.e. experience, qualification, required mix of skills and other core competencies. The NRC is also responsible for establishing minimum requirements for the GMD.
- (ii) To assess and recommend to the Board the nominees for directorship, Board Committee members, as well as nominees for the Key Senior Management Officers of the holding company, before an application for approval is submitted to BNM.
- (iii) To assess and recommend to the Board the nominees for Succession Planning Programme of the Shariah Committee members of the holding company.
- (iv) To assess and recommend to MIDF Group of Companies the nominees for their directorships.
- (v) To oversee the overall composition of the Board of the holding company, in terms of the appropriate size and skills, and the balance between Executive Director, Non-executive Directors and Independent Directors through annual review.
- (vi) To establish and recommend to the Board a mechanism for the formal assessment on the effectiveness of the Board as a whole and the contribution of each director to the effectiveness of the Board Committee, and the performance of the Key Senior Management Officers.
- (vii) To recommend to the Board the removal of a Board member, Shariah Committee member, or Key Senior Management Officers if he/she is ineffective, errant and negligent in discharging his/her responsibilities.

- (viii) To ensure that all Directors and Shariah Committee members receive an appropriate continuous training program in order to keep abreast with the latest developments in the industry.
- (ix) To oversee the appointment and management of the succession planning for the entire MIDF Group including their required training and development programme and performance evaluation of Key Senior Management Officers.
- (x) To ensure that directors, members of Shariah Committee, Key Senior Management Officers and the company secretaries fulfil the fit and proper requirements and assessments of their fitness and propriety are conducted.

(b) Remuneration

- (i) To recommend to the Board a framework of remuneration for Directors, Shariah Committee members, GMD, CEOs of subsidiaries and Key Senior Management Officers of the holding company for the Board's approval.
- (ii) To recommend a framework of remuneration for Directors and CEOs, of subsidiaries for consideration by the respective companies' Remuneration Committee (if applicable) and approval by the respective subsidiaries' Board.

(Note: The remuneration framework should reflect the responsibility and commitment, which goes with the Board membership and responsibilities of the GMD, CEOs of subsidiaries and Key Senior Management Officers. The framework should cover all aspects of remuneration including directors' fees, salaries, allowances, bonuses, options, benefits-in-kind and compensation packages).

- (iii) To recommend to the Board a new or revised Group Human Resources policies including the Employees Scheme of Service.
- (iv) To determine and recommend to the Board the MIDF Group's annual average salary increment and bonus pool to the various companies in the Group.

THE TERMS OF REFERENCE OF THE AUDIT & COMPLIANCE COMMITTEE ("ACC")

1. Objective

The ACC is to assist the Board in the following areas:-

- (i) Provides independent oversight of the Company's financial reporting and internal control system and ensures checks and balances within the Company; and
- (ii) Oversees the Company's compliance with applicable laws, rules and guidelines issued by relevant authorities, as well as internal policies and procedures.

2. Composition

- (i) The Board shall appoint ACC members from amongst its members and shall comprise only non-executive directors with at least three (3) members, the majority of whom shall be independent directors of the Company.
- (ii) At least one member shall have accounting expertise or experience in the field of finance.
- (iii) The Chairman of ACC shall be an independent director.

3. Meeting Proceedings

- (i) ACC shall hold regular meetings, at least once every quarter and the meeting shall be minuted. All confirmed minutes of meetings shall be submitted to the Board for notation.
- (ii) The quorum for a meeting shall be two (2) members present with at least one of them must be an Independent Director.
- (iii) In the absence of the Chairman, the majority of the members shall elect a Chairman whom must be an independent Director for the meeting, from amongst the members present.

4. Authority

ACC is authorized by the Board to undertake the following:-

- (i) To investigate any matter within its terms of reference.
- (ii) To have full access to and co-operation by Management.
- (iii) To have full discretion to invite any directors and request the presence of senior management officers to attend the meetings.
- (iv) To have access to reasonable resources required to enable it to discharge its functions properly. ACC can obtain independent professional advice at the expense of the Company and to secure the attendance of outsiders with relevant expertise and experience if the ACC deems it necessary.
- (v) To have full and unrestricted access to information to enable it to perform its duties.

5. Duties and Responsibilities

In carrying out its primary objectives, ACC shall undertake the following duties and responsibilities:-

- (i) External Audit
 - To consider the appointment of the external auditor, the audit fees and any questions or resignation or dismissal;
 - To discuss with the external auditor before the audit commences, the nature and scope of the audit;

- To assess the objectivity, performance and independence of external auditor (for example by reviewing and assessing the various relationships between the external auditors and the Company or any other entity);
- To review and evaluate internal controls systems with the external auditor;
- To review the assistance given by employees of the MIDF Group of Companies to the external auditor;
- To discuss problems and reservations arising from the interim and final audits and any matter the auditor may wish to discuss (in the absence of management, where necessary); and
- To review the external auditor's management letter and management's response.
- To approve the provision of non-audit service by the external auditor; or their related entities.
- To ensure that there are proper check and balance in place so that the provision of non-audit service does not interfere with the exercise of independent judgement of the auditors;

(ii) Internal Control

- To review effectiveness of internal controls and risk management processes.
- To review and endorse relevant corporate policies as delegated by the Board.

(iii) Internal Audit

- To review the adequacy of the scope, functions and resources of the internal audit function and the effectiveness of the internal audit function;
- To review and approve Internal Audit Charter, Policies, Internal Audit Plan and Budget;
- To ensure that the internal auditors have the necessary authority to carry out their work and provided with an independent reporting channel in the Company;
- To review the internal audit programme, consider the major findings of the internal audit and management response, and ensure co-ordination between internal auditors and external auditors;
- To appoint, set compensation, evaluate performance and decide on the transfer and dismissal of Head of the Internal Audit;
- To ensure that the internal audit has an effective system to monitor the implementation of recommendations of the internal, external auditors and compliance officers and corrective measures are taken within the agreed deadline with no undue delay in their implementation.

(iv) Compliance

- To review the adequacy of the scope, functions and resources of the compliance function and its effectiveness;
- To review and approve the Compliance Charter, Policies, Plan and Budget. and oversee its implementation;
- To approve the establishment of the compliance function and the position of the Chief Compliance Officer (“CCO”), and ensure that the compliance function and the CCO are provided with appropriate standing, authority and independence;
- To discuss compliance issue regularly, ensuring that adequate time and priority is provided in the ACC agenda to deliberate compliance issues and that such issues are resolve effectively and expeditiously;
- To at least annually, evaluate the effectiveness of the overall management of compliance risk, having regard to the assessments of senior management and internal audit, as well interactions with the CCO;
- To approve the appointment, remuneration and termination of the CCO;
- To ensure that the CCO has sufficient stature to allow for effective engagement with the CEO and other members of Key Senior Management Officers; and
- To ensure that the CCO is supported with sufficient resources, including competent officers to perform its duties effectively.

(v) Financial Reporting

- To ensure fair and transparent reporting and prompt publication of the financial accounts;
- To review the quarterly and annual financial statements for recommendations to the Board for approval, focusing particularly on:-
 - (a) any changes in accounting policies and practices;
 - (b) significant adjustments arising from the audit;
 - (c) the going concern assumption;
 - (d) compliance with accounting standards, Shariah principles and other legal and regulatory requirements.

(vi) Related Party Transactions

To review any related party transactions and conflict of interest situation that may arise within the MIDF Group of Companies including any transaction, procedure or course of conduct that raises questions of integrity and keep the Board informed of such situations.

THE TERMS OF REFERENCE OF THE RISK MANAGEMENT COMMITTEE (“RMC”)

1. Objective

The primary objective of the RMC is to assist the Board in fulfilling its oversight function, with the objective of safeguarding shareholder’s investment and the MIDF Group of Companies’ assets, in the following manner:-

- (i) Oversee senior management’s activities in managing credit, market, liquidity, operational, legal and other risks; and
- (ii) Ensure that the risk management system is in place and functioning.

2. Composition

- (i) The Board shall appoint RMC members from amongst their members and shall comprise only non-executive directors with at least three (3) members.
- (ii) The Chairman of RMC shall be an independent non-executive director.

3. Meeting Proceedings

- (i) RMC shall hold regular meetings, at least once every quarter and the meeting shall be minuted. All confirmed minutes of meeting shall be submitted to the Board for notation.
- (ii) The quorum for RMC meeting shall be two (2) members present.
- (iii) In the absence of the Chairman, the majority of the members shall elect a Chairman for the meeting, from amongst the members present.

4. Duties and Responsibilities

In carrying out its objective, RMC shall undertake the following duties and responsibilities:-

- (i) The Risk Management, Framework and Strategies:-
 - To review and recommend the MIDF Group’s risk management strategies, policies and risk tolerance for the Board’s approval;
 - To review and assess adequacy of risk management policies and framework in identifying, measuring, monitoring and controlling risk and the extent to which these are operating effectively;
 - To ensure infrastructure, resources and systems are in place for risk management i.e. ensuring that the staff responsible for implementing risk management systems, perform those duties independently of the organisation’s risk taking activities;
 - To review Management’s periodic reports on risk exposure, risk portfolio composition and risk management activities; and
 - To review and endorse relevant corporate policies as delegated by the Board.

(ii) Group Risk Management Division

- To ensure that risk management function is effective and has sufficient authority, stature, independent resources and access to the Board;
- To appoint, set compensation, evaluate performance and decide on the remuneration and dismissal of the Chief Risk Officer (“CRO”);
- To ensure that CRO has access for regular and timely communication with the CEO and Key Senior Management Officers to ensure that they are kept informed of and engaged in the material risk developments that would be critical to their functions and primary responsibilities;
- To ensure risk management function is involved in the business planning process so as to ensure that the institution’s growth strategy is compatible with the institution’s risk appetite with adequate and independent consideration of potential risks; and
- To ensure risk management function is equipped with risk management personnel who possess sufficient experience and qualifications and practical knowledge of risk disciplines to enable them to provide specialised analysis and perform effective risk reviews.

The Committee should hold regularly meetings, at least **once every quarter** and should report regularly to the full board.

THE TERMS OF REFERENCE OF THE SHARIAH COMMITTEE

1. Objective

To act as Shariah Adviser to the Islamic financial institutions or businesses within the MIDF Group.

To ensure full Shariah compliance in Islamic banking and finance business operations.

2. Composition

- (i) The Board of MIDF upon recommendation of NRC shall appoint or reappoint the members of the Shariah Committee subject to the approval of regulatory bodies. The appointment shall be valid for a renewable term of three (3) years.
- (ii) The appointment of the Shariah Committee members shall be subjected to the criteria set by the BNM.
- (iii) The Shariah Committee shall comprise odd number of members with a minimum of five (5) members or as approved by BNM. The Shariah Committee shall elect, the Chairman of the Committee from amongst the members.
- (iv) The Shariah Committee members shall meet the fit and proper criteria to hold their position as members of the committee.

3. Meeting Proceedings

- (i) The Shariah Committee shall hold meetings at least once in two months.
- (ii) The quorum for a meeting shall be two-thirds of the members with majority of members attending must be members with Shariah background. In the event there are dissenting views on any proposal at a Shariah Committee meeting, the said proposal would be tabled to the Shariah Committee with the attendance of all members, for decision.
- (iii) In the absence of the Chairman, the majority of the members shall elect a Chairman for the meeting, from amongst the members present. The alternate Chairman shall be a member with qualified Shariah background.
- (iv) The Secretary, in consultation with the Chairman, shall prepare an agenda, which shall be circulated with the relevant papers prior to each meeting to members of the Shariah Committee. The minutes of the meeting shall be circulated to the respective Boards of MIDF Group.
- (v) The Shariah Committee may, as and when considered necessary, invites Board members and request the presence of Key Senior Management Officers of the respective companies in MIDF Group to attend the meetings.
- (vi) The member's attendance shall not be less than 75% of the Shariah Committee meetings held for a year.
- (vii) The number of Shariah Committee meetings held in the year, as well as the attendance of every Shariah Committee members shall be disclosed in the annual report of respective companies in MIDF Group.

4. Duties And Responsibilities

All Shariah Committee members shall participate and actively engage themselves in deliberating Shariah issues put forth before them. The main duties and responsibilities of the Shariah Committee are as follows:-

- (i) To advise the Board of MIDF on Shariah matters in Islamic finance operations - the Shariah Committee shall advise the Board on Shariah matters.
- (ii) The Shariah Committee shall inform the Board and provide solution when it believes that MIDF has been carrying Shariah non-compliant activities and/or if MIDF did not adequately address the Shariah non-compliant activities.
- (iii) To endorse the Shariah Policies and Operational Procedures for Shariah.
- (iv) To validate and endorse the relevant Islamic finance documentations in the respective companies of MIDF Group are Shariah-compliant.
- (v) To assist related parties such as legal counsel, auditor or consultant on Shariah matters upon request.
- (vi) To advise on matters to be referred to the SAC - The Shariah Committee must advise MIDF to consult the SAC on any Shariah matters which have not been resolved or endorsed by the SAC.

- (vii) To provide written Shariah opinion in the following circumstances:-
 - a) where MIDF make reference to the SAC for advice; or
 - b) where MIDF submits applications to BNM for new product approval in accordance with relevant guidelines.
- (viii) To assist the SAC on reference for advice.
- (ix) To be responsible and accountable for all Shariah decisions, opinions and views provided by them in the course of discharging their duties and responsibilities as a Shariah Committee member.
- (x) To assess work carried out by Shariah review and Shariah audit.
- (xi) To act as Shariah Adviser to MIDF Group of Companies whenever appointed.
- (xii) To endorse the Succession Planning Programme (“SPP”) for Shariah Committee members.

MIDF AMANAH INVESTMENT BANK BERHAD

THE TERMS OF REFERENCE OF THE NOMINATION COMMITTEE (“NC”)

1. Objectives

- 1.1 To provide a formal and transparent procedure for the appointment of directors and chief executive officer.
- 1.2 To provide a formal and transparent procedure for assessment of the effectiveness of individual directors, board as a whole and performance of chief executive officer and senior management officers.

2. Composition

- 2.1 The NC must have at least three members, of which at least two must be non-executive directors.
- 2.2 The NC must have a majority of independent directors.
- 2.3 The NC must be chaired by an independent director.

3. Quorum And Frequency Of Meeting

- 3.1 The quorum to form NC meeting shall be two, out of which one must be an independent director.
- 3.2 In the event of equality of vote, the Chairman shall have the casting vote.
- 3.3 The NC shall meet at least twice a year to deliberate on the responsibilities set out in Paragraph 4.

4. Roles And Responsibilities

- 4.1 The NC may be delegated with decision-making powers and should be reporting its recommendation to the board.
- 4.2 Duties of NC amongst others are to:
 - (i) Establish minimum requirements for the board i.e. the required mix skills, experience, qualification and other core competencies required of a director.
 - (ii) Establishing minimum requirements for the chief executive officer. The requirements and criteria should be approved by the board.
 - (iii) Recommend and assess the nominees for directorship, board committee members as well as nominees for the chief executive officer. This includes assessing directors for reappointment, before an application for approval is submitted to Bank Negara Malaysia. The actual decision as to who shall be nominated should be the responsibility of the board.

- (iv) Oversee the overall composition of the board, in terms of the appropriate size and skills, and the balance between executive directors, non-executive directors and independent directors through annual review.
- (v) Recommend to the board the removal of a director/Chief Executive Officer from the board/management if the director/Chief Executive Officer is ineffective, errant and negligent in discharging his responsibilities.
- (vi) Establish a mechanism for the formal assessment on the effectiveness of the board as a whole and the contribution of each director to the effectiveness of the board, the contribution of the board's various committees and the performance of the Chief Executive Officer.
- (vii) Ensure that all directors receive an appropriate continuous training program in order to keep abreast with the latest developments in the industry.
- (viii) Assess the appointment of senior management officers for recommendation to the Board for approval, in instances where the proposed remuneration package exceeds the job band.
- (ix) Oversee the management succession planning program of senior management officers who report directly to the Chief Executive Officer.
- (x) Assess, on an annual basis, that the directors and Chief Executive Officer are not disqualified under Section 59(1) of the Financial Services Act 2013 [FSA].

5. Review Of Terms Of Reference

The Terms of Reference of the NC are to be reviewed once in every two years.

THE TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE ("RC")

1. Objectives

- 1.1 To provide a formal and transparent procedure for developing remuneration policy for directors, chief executive officer and key senior management officer.
- 1.2 To ensure that compensation is competitive and consistent with the licensed institution's culture, objective, and strategies.

2. Composition

- 2.1 The RC must have at least three members, all of which must be non-executive directors.
- 2.2 The RC must have a majority of independent directors.
- 2.3 The RC must be chaired by an independent director.

3. Quorum And Frequency Of Meeting

- 3.1 The quorum to form RC meeting shall be two and one of them must be an independent director.
- 3.2 In the event of equality of vote, the Chairman shall have the casting vote.
- 3.3 The RC should meet at least twice a year and where necessary, to make recommendations to the Board.

4. Roles And Responsibilities

- 4.1 Duties of RC amongst others are to:
- (i) Recommend a framework of remuneration for directors, chief executive officer, and key senior management officers for the board's approval. The remuneration framework should support the licensed institution's culture, objectives, and strategy and should reflect the responsibility and commitment, which goes with board membership and responsibilities of the chief executive officer and senior management officers. There should be a balance in determining the remuneration package, which should be sufficient to attract and retain directors of calibre, and yet not excessive to the extent the licensed institution's funds are used to subsidise the excessive remuneration packages. The framework should cover all aspects of remuneration including directors' fees, salaries, allowances, bonuses, options, and benefits-in-kind.
 - (ii) Recommend specific remuneration packages for executive directors and the chief executive officer. The remuneration package should be structured such that it is competitive and consistent with the licensed institution's culture, objectives, and strategy. Salary scales drawn up should be within the scope of the general business policy and not be dependant on short-term performance to avoid incentives for excessive risks taking.
 - (iii) In cases where the proposed remuneration package of key senior management officers (who report directly to the Chief Executive Officer) exceeds the job band, the RC shall assess the proposed remuneration package and recommend to the Board of Directors for approval.

5. Review Of Terms Of Reference

The Terms of Reference of the RC are to be reviewed once in every two years.

THE TERMS OF REFERENCE OF THE AUDIT AND COMPLIANCE COMMITTEE (“ACC”)

1. Objective

- 1.1 To support the Board in ensuring that there is a reliable and transparent financial reporting process within the Bank.
- 1.2 To provide independent oversight of the Bank’s internal control system and ensuring adequate checks and balances within the Bank.
- 1.3 To oversee the Bank’s management of compliance risk in respect of compliance with applicable laws, rules and regulations as well as internal policies and procedures.

2. Composition

- 2.1 The ACC must have at least three members, all of which must be non-executive directors.
- 2.2 The ACC must have a majority of independent directors.
- 2.3 The ACC must be chaired by an independent director.
- 2.4 At least one director must have accounting expertise or experience in the field of finance.

3. Quorum And Frequency Of Meeting

- 3.1 The quorum to form ACC meeting shall be two and one of them must be an independent director.
- 3.2 In the event of equality of vote, the Chairman shall have the casting vote.
- 3.3 The ACC should hold regular meetings, at least once every quarter and should report regularly to the Board.

4. Roles And Responsibilities

- 4.1 The ACC should have explicit authority to investigate any matter within its terms of reference, full access to and co-operation by management and full discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.
- 4.2 The ACC should have full and unrestricted access to information and be able to obtain independent professional advice.
- 4.3 Duties of ACC, amongst others, cover the following areas:
 - 4.3.1 Financial Statements and Reporting
 - (i) Ensure fair and transparent reporting and prompt publication of the financial accounts.

- (ii) Review the interim, quarterly financial statements and the annual financial statements for recommendation to the Board for approval, focusing particularly on:
 - any changes in accounting policies and practices;
 - significant adjustments arising from the audit;
 - the going concern assumption; and
 - Compliance with accounting standards and other legal and regulatory requirements.
- (iii) Review the accuracy and adequacy of the chairman's statement in the directors' report, corporate governance disclosures, interim financial reports and preliminary announcements in relation to the preparation of financial statements.

4.3.2 Effectiveness of Internal Audit and Compliance Functions

- (i) Oversee the functions of the Internal Audit and Compliance as per the requirements of Bank Negara Malaysia Guidelines on Internal Audit Function of Licensed Institutions, Bank Negara Malaysia Guidelines on Corporate Governance, the Securities Commission Guidelines on Performance of Supervisory Functions and the Rules of Bursa Malaysia Securities.
- (ii) Review and approve the following:-
 - a) audit charter/policy, audit plan and budget, and scope of the internal audit programme and frequency; and
 - b) compliance charter/policy, compliance plan and budget, and scope of compliance programme and frequency.
- (iii) Review and approve the internal audit and compliance reports and ensure Management addresses the audit and compliance issues appropriately and in timely manner.
- (iv) Appoint, evaluate performance and removal of the Chief Internal Auditor and Chief Compliance Officer.

4.3.3 Internal Controls Framework

Oversee the implementation of the Bank's internal control framework, and periodically review whether these remain appropriate in light of material changes to the size, nature and complexity of the Bank's operations.

4.3.4 External Auditor

- (i) Select external auditors for appointment by the Board;
- (ii) Recommend the appointment, removal, and remuneration of the external auditors.
- (iii) Assess objectivity, performance and independence of external auditor (e.g. by reviewing and assessing the various relationships between the external auditor and the Bank or any other entity).

- (iv) Review the external auditor's management letter and response.
- (v) Approve the provision of non-audit service by the external auditor.
- (vi) Ensure that there are proper checks and balances in place so that the provision of non-audit services does not interfere with the exercise of independent judgement of the external auditor.
- (vii) Review the external auditor's report and recommendations, and ensure that issues are being managed by Management and rectified appropriately and in a timely manner.
- (vii) Have direct communication channels with the external auditors and able to meet with the external auditor without the presence of management, at least annually.

4.3.5 Related Party transaction

Review all related party transactions and keep the board informed of such transactions.

5. **Review Of Terms Of Reference**

The Terms of Reference of the ACC are to be reviewed once in every two years.

THE TERMS OF REFERENCE OF THE RISK MANAGEMENT COMMITTEE ("RMC")

1. **Objective**

- 1.1 To oversee senior management's activities in managing credit, market, liquidity, operational, legal, Shariah and other risks.
- 1.2 To ensure that the risk management process is in place and functioning.

2. **Composition**

- 2.1 The RMC must have at least three members, all of which must be non-executive directors.
- 2.2 The RMC must have a majority of independent directors.
- 2.3 The RMC must be chaired by an independent director.

3. **Quorum And Frequency Of Meeting**

- 3.1 The quorum to form RMC meeting shall be two, out of which one must be an independent director.
- 3.2 In the event of equality of vote, the Chairman shall have the casting vote.
- 3.3 The RMC should hold regular meetings, at least once every quarter and should report regularly to the Board.

4. Roles And Responsibilities

4.1 Duties of RMC amongst others are to:

- (i) Review and recommend risk management strategies, policies and risk tolerance for board's approval.
- (ii) Review and assess adequacy of risk management policies and framework in identifying measuring, monitoring and controlling risk and the extent to which these are operating effectively.
- (iii) Ensure infrastructure, resources and systems are in place for risk management i.e. ensuring that the staff responsible for implementing risk management systems perform those duties independently of the financial institutions' risk taking activities.
- (iv) Review management's periodic reports on risk exposure, risk portfolio composition and risk management activities.
- (v) Assist in the implementation of a sound remuneration system, examine whether incentives provided by the remuneration system take into consideration risks, capital, liquidity and the likelihood and timing of earnings, without prejudice to the tasks of the board remuneration committee.

5. Review Of Terms Of Reference

The Terms of Reference of the RMC are to be reviewed once in every two years.

THE TERMS OF REFERENCE OF THE CREDIT COMMITTEE OF THE BOARD ("CCB")

1. Objective

To review and oversee the development of credit strategy, policies and procedures governing the Bank's credit operations.

2. Composition

- 2.1 The CCB must have at least three members, all of which must be non-executive directors.
- 2.2 The CCB must have a majority of independent directors.
- 2.3 The CCB must be chaired by an independent director.

3. Quorum And Frequency Of Meeting

- 3.1 The quorum to form CCB meeting shall be any two members and one of them must be an independent director.
- 3.2 In the event of equality of vote, the Chairman shall have the casting vote.
- 3.3 The CCB should hold regular meetings, at least once every month and where necessary, to provide report to the Board.

4. Roles And Responsibilities

Duties of CCB amongst others are to:

- 4.1 Oversee, review and endorse the Bank's credit strategy, policies and limits governing the Bank's credit operations.
- 4.2 Review the adequacy of credit policies and procedures and that credit operations are in line with approved credit strategy, policies and limits.
- 4.3 Review and thereafter affirm or veto applications for credit facilities (covering direct lending/financings and underwriting of and/or subscription of Corporate Bonds/Sukuk but excluding facilities outlined in paragraph 4.3 and 4.4), renewals and/or extensions, annual reviews and any variations to previously approved terms and conditions for amount exceeding certain predetermined threshold based on credit risk rating but up to a Single Counterparty Exposure Limit ("SCEL") which has been approved by the Credit Committee ["CC"] and where appropriate, impose additional or more stringent terms and conditions as deemed necessary.
- 4.4 Review and thereafter affirm or veto **new** application of share margin financing ["SMF"] for amount exceeding RM10 million up to a SCEL which has been approved by the CC and where appropriate, impose additional or more stringent terms and conditions as deemed necessary.
- 4.5 Review and thereafter affirm or veto the **margin renewal** of **existing** account of SMF with limit exceeding RM10.0 million (in aggregate basis as per the SCEL) as per criteria stipulated in Bank-Wide Risk Management Policies (Section 6: Credit Risk and Credit Concentration Risk Management Policy).
- 4.6 Review and thereafter affirm or veto all proposals for underwriting/sub-underwriting of equity and equity-linked securities approved by the CC.
- 4.7 Review and thereafter affirm or veto the restructuring and rescheduling of non- performing loans/financing or defaulted Corporate Bonds/Sukuk approved by CC.
- 4.8 Consider and approve the disposal of collateral quoted shares and other pledged assets on non-performing loan accounts/financings under circumstances as provided for in the Credit Policy.
- 4.9 Perform such other functions as delegated by the Board of Directors from time to time.

5. Review Of Terms Of Reference

The Terms of Reference of the CCB are to be reviewed once in every two years.

MIDF AMANAH ASSET MANAGEMENT BERHAD

THE TERMS OF REFERENCE OF THE BOARD AUDIT AND RISK MANAGEMENT COMMITTEE (“BARMC”)

1. Objective

The primary duty of the Board Audit and Risk Management Committee (“BARMC” or “the Committee”) is to assist the Board of Directors in fulfilling its oversight functions, with the objective of safeguarding shareholders investments and the Company’s assets, in the following areas:

- i) Providing independent oversight of the Company’s financial reporting, risk management and internal control system and ensuring checks and balances within the Company.
- ii) Reviewing the adequacy and the integrity of the Company’s internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.
- iii) Identifying principal risks and ensure the implementation of appropriate systems to manage these risks.
- iv) Reviewing the systems and processes for the identification and management of risks of the Company; and
- v) Reviewing the roles of, and assessing the performance of the internal and external auditors.

2. Composition

- i) The Board shall appoint the Committee members from amongst their members, comprising of no fewer than three (3) Directors, the majority of whom shall be independent non-executive Directors of the Company.
- ii) At least one (1) member of the Committee shall be a member of the Malaysian Institute of Accountants, or a member of an approved Association of Accountants with a minimum of three (3) years’ experience.
- iii) The Board shall fill in any vacancies in the Committee within a period of three months.
- iv) The Chairman of the Committee shall be an independent non-executive Director.
- v) The Board shall review the appointment of its members at least once every two (2) years).

3. Authority

The BARMC is authorized by the Board of Directors:

- i) To investigate any matter, carry out any activity and duties within its terms of reference.
- ii) To seek any information it requires from any employee, and all employees are directed to cooperate with and accede to any request made by the Committee.
- iii) To have access to any resources required to perform its duties. It may obtain at the expense of the Company, any outside legal or other independent professional advice and to secure the attendance of outsiders with relevant expertise and experience if the Committee deems it necessary.
- iv) To have full and unlimited access to any information pertaining to the Company, subject to any regulatory restrictions.
- v) To have direct access to the internal and external auditors, the risk management personnel and the senior management of the Company. The Committee shall meet with the internal and external auditors to discuss any matters with the Committee, without the presence of the management at least annually.
- vi) To have full discretion to invite any Board members and request the presence of senior management members to attend the meetings.

4. Roles And Responsibilities

In carrying out its primary objectives, the Committee shall undertake the following duties and responsibilities:

- i) External Audit
 - Recommend the appointment of the external auditor, the audit fee and any question of resignation or dismissal of the auditors;
 - Discuss with the external auditor before the audit commences, the nature and scope of the audit and ensure co-ordination where more than one firm is involved;
 - Discuss problems and reservations arising from the interim and final audits, and any matters the auditor may wish to discuss;
 - Monitor the implementation of recommendations of the external auditors to ensure that there is no undue delay in their implementation;
 - Approve the provision of non-audit service by the external auditors or their related entities; and
 - Ensure that there are proper checks and balances in place so that the provision of non-audit services does not interfere with the exercise of independent judgment of the auditors.

- Review the external auditor's management letter and response.
- Assess the objectivity, performance and independence of external auditor (for example by reviewing and assessing the various relationships between the external auditors and the Company or any other entity);
- Review and evaluate internal controls systems with the external auditor;
- Review the assistance given by employees of the Company to the external auditor;

ii) Internal Audit and Compliance

- Review and approve the internal audit and compliance plans and budget, consider the major findings of internal audit and compliance investigations and ensure co-ordination between the internal auditors, compliance officers and external auditors;
- Ensure that the internal auditors and compliance officers have the necessary authority to carry out their work and provided with an independent reporting channel in the Company;
- Review the adequacy of the scope, functions and resources of the internal audit function and the effectiveness of the internal audit function;
- Make recommendations on the Audit and Compliance Reports issued by MIDF Group Control Assurance Services and MIDF Amanah Investment Bank Berhad Compliance Department to the Board of Directors;
- Monitor the implementation of recommendations of the internal auditors and compliance officer to ensure that there is no undue delay in their implementation.
- Regularly review the audit findings and ensuring that issues are being managed and rectified appropriately in a timely manner;
- Regularly review the compliance report and ensuring that issues are being managed and rectified appropriately in a timely manner;
- Review the internal audit programme, consider the major findings of the internal audit and management response, and ensure co-ordination between internal auditors and external auditors;
- Ensure that the internal audit has an effective system to monitor the implementation of recommendations of the internal and external auditors and compliance officers and corrective measures are taken within the agreed deadline and to ensure that there is no undue delay in their implementation.

iii) Risk Management

- Review and recommend the risk management's policies and framework to the Board.
- Review and recommend risk management strategies to the Board.

- Review management's periodic reports on risk exposure, risk portfolio composition and risk management activities.
- Ensure that the risk management strategies are aligned with business strategies.
- Ensure infrastructure, resources and systems are in place for risk management i.e. ensuring that the staff responsible for implementing risk management systems perform those duties independently.
- Review and approve Risk Management's Annual Plan for the Company.
- Monitor changes in business conditions and the operating parameters. This includes review of changes in the nature and extent of significant risks and the company's ability to respond effectively to changes in its business and external environment.
- Review the risk profile of MIDF and ensure adequate allocation of resources/capital, appropriate measurement methodologies; and effective infrastructure in place for managing prioritized risks.

iv) Internal Controls

Review the effectiveness of the internal controls and risk management processes.

v) Financial Reporting

- Ensure fair and transparent reporting and prompt publication of the financial accounts;
- Review the interim and annual financial statements for recommendations to the Board for approval, focusing particularly on:
 - any changes in accounting policies and practices;
 - significant adjustments arising from the audit;
 - the going concern assumption; and
 - compliance with accounting standards and other legal and regulatory requirements.
- Perform any other functions as may be agreed by the Board.

vi) Related Party Transactions

- Review any related party transactions and conflict of interest situation that may arise within the Company including any transaction, procedure or course of conduct that raises questions of integrity and keep the Board informed of such situations.

vii) The terms of reference of the BARMC is to be reviewed once in 2 years.

5. Frequency And Quorum Of Meeting

- i) The Committee should hold regular meetings, at least once every quarter and report regularly to the full Board.
- ii) The quorum for a meeting shall be two (2), whereby at least one of the members present must be an independent non-executive Director.

Quorum and BARMC's Procedures:-

- i) BARMC shall hold a meeting at least once every quarter.
- ii) The quorum for a meeting shall be two (2) members, whereby at least one of the members present must be an independent non-executive Director.
- iii) In the absence of the Chairman, the majority of the members shall elect a Chairman for the meeting, from amongst the members present.
- iv) The Secretary shall be appointed from the Company Secretary's office. The Secretary, in consultation with the Chairman, shall prepare an agenda, which shall be circulated with the relevant papers prior to each meeting, to members of BARMC. The minutes of the meeting shall be circulated to the Board.
- v) BARMC may, as and when considered necessary, invite other Board members and request the presence of senior management members to attend the meetings.
- vi) The Chairman shall submit an Audit Committee Report to the Board summarizing BARMC's activities during the year.
- vii) BARMC shall meet at least once every year with the Internal Auditors and the External Auditors, in separate sessions to discuss any matters with BARMC, without the presence of any executive member of the Board or senior management.
- viii) The proceedings of BARMC Meetings shall be regulated in accordance with normal conventions.

THE TERMS OF REFERENCE OF THE INVESTMENT COMMITTEE ("IC")

1. Objective

The objective of the Investment Committee is to select the appropriate investment strategies for the unit trust funds in accordance with the funds' investment objectives to ensure that the unit trust funds are properly managed. Furthermore, the IC is responsible for ensuring that the strategies selected are efficiently implemented and performance of the Investment is actively monitored, measured and evaluated to achieve proper performance of the funds.

According to SC Guidelines on Unit Trusts, an Investment Committee should ensure that the fund is managed in accordance with:

- (a) the fund's investment objective;
- (b) the deed;
- (c) the prospectus;
- (d) these guidelines and securities laws;
- (e) the internal investment restrictions and policies; and
- (f) acceptable and efficacious practices within the unit trust industry.

2. Composition

The IC shall comprise of at least three (3) members with at least two (2) independent members, while maintaining a minimum ratio of at least one-third (1/3) independent members at all times. For purpose of Shariah-compliant funds, the IC should also comprise of at least two (2) Muslim members. The IC members shall comprise of Directors of the Company and external members.

The Chairman of the IC shall be an Independent Non-Executive Director. A member of the IC should not hold office as:

- (a) member of an investment committee of funds managed and administered by another UTMC;
- (b) director of another UTMC;
- (c) Shariah adviser for the same fund;
- (d) member of the panel of advisers for the same fund; and
- (e) an officer of the delegate that carry on the Investment function for the fund.

3. Roles And Responsibilities

This IC acts as a supervisory arm of the Board and is responsible for the following functions:

- i) To review and monitor the performance of the Investment Manager;
- ii) To set and review the appropriateness of the investment policies of each of the unit trust funds;
- iii) To set and review the appropriateness of the dividend policies of each of the unit trust funds;
- iv) To ensure that each of the unit trust funds' investment portfolio complies with its' investment policies; and
- iv) To review all proposals relating to the establishment of new funds, the closing of existing funds and the merging of funds.

Besides, the roles and responsibility of IC outlined in the SC Guidelines on Unit Trusts are:

- Select appropriate strategies to achieve the proper performance of the fund in accordance with the fund management policies;
- Ensure that the strategies selected are properly and efficiently implemented by the management company or its fund management delegate; and
- Actively monitor, measure and evaluate the fund management performance of the management company or its fund management delegate.

4. Quorum And Frequency of IC Meeting

The IC should hold regular meetings, at least once in every two (2) months. The quorum for the meeting shall be two (2), whereby at least one must be a Muslim member.

For a Shariah-compliant fund, the investment committee should comprise at least two (2) Muslim members. A quorum is not present for the purpose of holding an investment committee meeting unless one (1) Muslim member is present at the meeting.

AMANAH INTERNATIONAL FINANCE SDN BHD

THE TERMS OF REFERENCE OF THE BOARD AUDIT AND RISK MANAGEMENT COMMITTEE (“BARMC”)

1. Objective

- 1.1 To provide independent oversight of the Company’s financial reporting, risk management and internal control system and ensuring checks and balances within the Company.
- 1.2 To review the adequacy and the integrity of the Company’s internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.
- 1.3 To identify principal risks and ensure the implementation of appropriate systems to manage these risks.
- 1.4 To review the systems and processes for the identification and management of risks of the Company; and
- 1.5 To review the roles of, and assessing the performance of the internal and external auditors.

2. Composition

- 2.1 The Board Audit and Risk Management Committee (“BARMC”) must have at least three members, all of which must be non-executive directors.
- 2.2 The BARMC must have a majority of independent directors.
- 2.3 The BARMC must be chaired by independent director.
- 2.4 At least one director must have accounting expertise or experience in the field of finance.

3. Quorum And Frequency Of Meeting

- 3.1 The quorum to form a BARMC meeting shall be two, whereby at least one of the members present must be an independent director.
- 3.2 In the event of equality of vote, the Chairman shall have the casting vote.
- 3.3 The BARMC should hold regular meetings, at least once every quarter and should report regularly to the Board.

4. Roles & Responsibilities

- 4.1 The BARMC is authorised by the Board of Directors:
 - 4.1.1 To investigate any matter, carry out any activity and duties within its Terms of Reference.
 - 4.1.2 To seek any information it requires from any employee, and all employees are directed to cooperate with and accede to any request made by the BARMC.

- 4.1.3 To have access to any resources required to perform its duties. It may obtain at the expense of the Company, any outside legal or other independent professional advice and to secure the attendance of outsiders with relevant expertise and experience if the BARMC deems it necessary.
 - 4.1.4 To have full and unlimited access to any information pertaining to the Company, subject to any regulatory restrictions.
 - 4.1.5 To have direct access to the internal and external auditors, the risk management personnel and the senior management of the Company. The BARMC shall meet with the internal and external auditors to discuss any matters with the BARMC, without the presence of the management at least annually.
 - 4.1.6 To have full discretion to invite any Board members and request the presence of senior management members to attend the meetings.
- 4.2 Duties of the BARMC amongst others, are to:
- 4.2.1 External Audit
 - (i) Recommend the appointment of the external auditor, the audit fee and any question of resignation or dismissal of the auditors;
 - (ii) Discuss with the external auditor before the audit commences, the nature and scope of the audit and ensure co-ordination where more than one firm is involved;
 - (iii) Discuss problems and reservations arising from the interim and final audits, and any matters the auditor may wish to discuss;
 - (iv) Monitor the implementation of recommendations of the external auditors to ensure that there is no undue delay in their implementation;
 - (v) Approve the provision of non-audit service by the external auditors or their related entities; and
 - (vi) Ensure that there are proper checks and balances in place so that the provision of non-audit services does not interfere with the exercise of independent judgment of the auditors.
 - (vii) Review the external auditor's management letter and response.
 - (viii) Assess the objectivity, performance and independence of external auditor (for example by reviewing and assessing the various relationships between the external auditors and the Company or any other entity);
 - (ix) Review and evaluate internal controls systems with the external auditor; and
 - (x) Review the assistance given by employees of the Company to the external auditor.

4.2.2 Internal Audit and Compliance

- (i) Review and approve the internal audit and compliance plans and budget, consider the major findings of internal audit and compliance investigations and ensure co-ordination between the internal auditors, compliance officers and external auditors;
- (ii) Ensure that the internal auditors and compliance officers have the necessary authority to carry out their work and provided with an independent reporting channel in the Company;
- (iii) Review the adequacy of the scope, functions and resources of the internal audit function and the effectiveness of the internal audit function;
- (iv) Make recommendations on the Audit and Compliance Reports issued by MIDF Group Control Assurance Services and MIDF Group Compliance Department to the Board of Directors;
- (v) Monitor the implementation of recommendations of the internal auditors and compliance officer to ensure that there is no undue delay in their implementation;
- (vi) Regularly review the audit findings and ensuring that issues are being managed and rectified appropriately in a timely manner;
- (vii) Regularly review the compliance report and ensuring that issues are being managed and rectified appropriately in a timely manner;
- (viii) Review the internal audit plan, consider the major findings of the internal audit and management response, and ensure co-ordination between internal auditors and external auditors; and
- (ix) Ensure that the internal audit has an effective system to monitor the implementation of recommendations of the internal and external auditors and compliance officers and corrective measures are taken within the agreed deadline and to ensure that there is no undue delay in their implementation.

4.2.3 Risk Management

- (i) Review and recommend the risk management policies and framework to the Board;
- (ii) Review and recommend risk management strategies to the Board;
- (iii) Review management's periodic reports on risk exposure, risk portfolio composition, and risk management activities;
- (iv) Ensure that the risk management strategies are aligned with business strategies;
- (v) Ensure infrastructure, resources and systems are in place for risk management i.e. ensuring that the staffs responsible for implementing risk management systems perform those duties independently;

- (vi) Monitor changes in business conditions and the operating parameters. This includes review of changes in the nature and extent of significant risks and the company's ability to respond effectively to changes in its business and external environment; and
- (vii) Review the risk profile of AIF and ensure adequate allocation of resources/capital, appropriate measurement methodologies; and effective infrastructure in place for managing prioritized risks.

4.2.4 Internal Controls

Review the effectiveness of the internal controls and risk management processes.

4.2.5 Financial Reporting

- (i) Ensure fair and transparent reporting and prompt publication of the financial accounts;
- (ii) Review the interim and annual financial statements for recommendations to the Board for approval, focusing particularly on:
 - (a) any changes in accounting policies and practices;
 - (b) significant adjustments arising from the audit;
 - (c) the going concern assumption; and
 - (d) compliance with accounting standards and other legal and regulatory requirements.
- (iii) Perform any other functions as may be agreed by the Board.

4.2.6 Related Party Transactions

Review any related party transactions and conflict of interest situation that may arise within the Company including any transaction, procedure or course of conduct that raises questions of integrity and keep the Board informed of such situations.

5. **Review Of The Terms Of Reference**

The Terms of Reference of the BARMC are to be reviewed once in every two years.

TERMS OF REFERENCE OF
THE CREDIT & INVESTMENT COMMITTEE

1. Objective

To review and oversee the development of effective credit strategy, policies and procedures governing Amanah International Finance Sdn Bhd (“AIF” or “the Company”)’s credit operations.

2. Composition

2.1 The Credit & Investment Committee (“CIC” or “The Committee”) shall comprise directors with at least three (3) members.

3. Quorum And Frequency Of Meeting

3.1 The quorum to form CIC meeting shall be any two members.

3.2 In the event of equality of vote, the Chairman shall have the casting vote.

3.3 The CIC should hold regular meetings and should report regularly to the full Board.

4. Roles And Responsibilities

Duties of the CIC amongst others, are to:

4.1 Review adequacy of credit policies and procedures and that credit operations are in line with approved credit strategy, policies and procedures.

4.2 Review and thereafter affirm or veto applications for credit facilities which have been approved by the Credit Committee [“CC”] and where appropriate, impose terms and conditions as deemed necessary.

4.3 Review and thereafter affirm or veto the restructuring and rescheduling of non-performing loan/financing accounts approved by CC.

4.4 Consider and approve the disposal of collateral quoted shares and other pledged assets on non-performing loan/financing accounts under circumstances as provided for in the Credit Policy.

4.5 Perform such other functions as delegated by the Board of Directors from time to time.

5. Review Of The Terms Of Reference

The Terms of Reference of the CIC are to be reviewed once in every two years.

APPENDIX 2

Directors Benefit is kept by Group Secretarial & Legal