



**BNP PARIBAS**

The bank  
for a changing  
world

## **BNP PARIBAS MALAYSIA BERHAD**

Registration No. 201001034168 (918091-T)

## **BOARD CHARTER**

(Updated as at 29 June 2022)



Table of Contents

<b>1.</b>	<b>Introduction .....</b>	<b>3</b>
<b>2.</b>	<b>Objective .....</b>	<b>3</b>
<b>3.</b>	<b>Role and Responsibilities of the Board .....</b>	<b>3</b>
<b>4.</b>	<b>Matters Reserved for the Board.....</b>	<b>4</b>
<b>5.</b>	<b>Delegation of Authority .....</b>	<b>4</b>
<b>6.</b>	<b>Composition of the Board.....</b>	<b>4</b>
<b>7.</b>	<b>Board Independence.....</b>	<b>5</b>
<b>8.</b>	<b>Fiduciary Duties of Directors.....</b>	<b>5</b>
<b>9.</b>	<b>Role of the Chairman and the CEO .....</b>	<b>5</b>
<b>10.</b>	<b>Company Secretary.....</b>	<b>6</b>
<b>11.</b>	<b>Access to Information .....</b>	<b>6</b>
<b>12.</b>	<b>Board Meetings.....</b>	<b>6</b>
<b>13.</b>	<b>Directors' Training and Induction Programme.....</b>	<b>6</b>
<b>14.</b>	<b>Board Evaluation / Fit &amp; Proper requirements .....</b>	<b>7</b>
<b>15.</b>	<b>Board Committees .....</b>	<b>7</b>
<b>16.</b>	<b>Shariah Committee .....</b>	<b>7</b>
<b>17.</b>	<b>Conflict of Interest.....</b>	<b>8</b>
<b>18.</b>	<b>Code of Conduct .....</b>	<b>8</b>
<b>19.</b>	<b>Shareholder Communication .....</b>	<b>8</b>
<b>20.</b>	<b>Frequency of review .....</b>	<b>8</b>



## **1. Introduction**

---

- 1.1 The Board of Directors (the “Board”) of BNP Paribas Malaysia Berhad (the “Bank”) is guided and committed in promoting the principles of good corporate governance including accountability and transparency are practised and applied in all matters of the Bank.
  - (a) The Board is ultimately accountable and responsible for the performance and affairs of the Bank.
  - (b) All Board members are expected to act in a professional manner, upholding the core values of integrity with due regard to their fiduciary duties and responsibilities.
  - (c) This Board Charter is not an ‘all inclusive’ document and shall be read as a broad expression of principles and shall form an integral part of each Director’s duties and responsibilities.
- 1.2 The Board Charter outlines the main requirements of the Board, Board Committees, individual Directors; and the practice of the Board in respect of corporate governance matters.
- 1.3 The Board Charter is in line with the requirements stated in the Bank Negara Malaysia (“BNM”) policy document on Corporate Governance policy (“BNM CG policy”), other applicable BNM policy documents, Articles of Association of the Bank, BNP Paribas Group policies and the Companies Act 2016.

## **2. Objective**

---

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

## **3. Role and Responsibilities of the Board**

---

- 3.1 The role of the Board is to oversee governance matters and provide stewardship to the Bank, in particular, making well-informed and quality decisions based on a clear understanding of and insights into the business and strategy.
- 3.2 To achieve the Board’s role, the responsibilities are, but not limited to the following:
  - (a) Approve risk appetite, business plans and other initiatives which would, singularly or cumulatively, have a material impact on the bank’s risk profile, including initiatives which affect the financial soundness, reputation or key operational controls of the Bank;
  - (b) Oversee the selection, performance, remuneration and succession plans of the Chief Executive Officer (“CEO”) and senior officers, such that the Board is satisfied with the collective competence of Management to effectively lead the operations of the Bank;



- (c) Oversee the implementation of the Bank's governance framework and internal control framework, and periodically review whether these remain appropriate in the light of material changes to the size, nature and complexity of the Bank's operations;
- (d) Promote, together with senior management, a sound corporate culture within the Bank which reinforces ethical, prudent and professional behaviour;
- (e) Promote sustainability through appropriate environmental, social and governance considerations in the Bank's business strategies;
- (f) Oversee and approve the recovery and resolution as well as business continuity plans for the Bank to restore its financial strength, and maintain or preserve critical operations and critical services when it comes under stress;
- (g) Promote timely and effective communication between the Bank and BNM on matters affecting or that may affect the safety and soundness of the Bank; and
- (h) Oversee material compliance breaches and incidents by staff including Management, if any.

## **4. Matters Reserved for the Board**

---

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

## **5. Delegation of Authority**

---

- 5.1 The effective governance of the Bank requires Management to be involved in all significant decisions, and to be accountable to the Board.
- 5.2 The CEO must raise with the Board on matters of significance affecting the Bank which requires the Board's attention, including any matters which exceed the delegated authority to the executive management.

## **6. Composition of the Board**

---

- 6.1 The composition of the Board is determined in accordance with regulatory requirements, eligibility requirements, skills and competency criteria as determined by the Board from time to time, and a respect for diversity.
- 6.2 The overriding principle stated in the BNM CG policy with regards to tenure limit is that independent directors can continuously serve on the Board for nine (9) years, except under exceptional circumstances or as part of transitional arrangements towards full implementation of succession plans of the Bank.
- 6.3 The Articles of Association of the Bank provides that the number of Directors to be no less than three (3) and no maximum.



## **7. Board Independence**

- 7.1 The Board shall comprise a majority of Independent Non-Executive Directors (“INED”) at all times.
- 7.2 Prior to appointment, INED shall be required to satisfy the following criteria:
  - 7.2.1 Independent in character and judgement, and free from associations or circumstances that may impair the exercise of his / her independent judgement.
  - 7.2.2 The INED must immediately disclose to the Board any changes in his / her circumstances that may affect his / her status as an INED.
- 7.3 The Board and its Committees must have sufficient support and resources required to investigate any matter within their mandate, if deemed necessary.

## **8. Fiduciary Duties of Directors**

- (a) To exercise a reasonable degree of care, skill and diligence;
- (b) To act in good faith and in the best interests of the Bank;
- (c) To act honestly at all times and must not place themselves in a situation where personal interests conflict with those of the Bank;
- (d) To exercise independent judgement at all times;
- (e) To devote sufficient time to carry out their responsibilities and enhance their skills;
- (f) To promote and protect the image of the Bank; and
- (g) To hold in confidence all information available to them by virtue of their position as a Director.

## **9. Role of the Chairman and the CEO**

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

Chairman	CEO
<ul style="list-style-type: none"> <li>• Preferably an INED</li> <li>• Provides leadership to the Board in its oversight of management and in its stewardship of the Bank.</li> <li>• Presides over all Board meetings and ensure smooth and effective functioning of the Board.</li> </ul>	<ul style="list-style-type: none"> <li>• Oversees the day-to-day management and running of the Bank.</li> <li>• Coordinate the operations of the various departments</li> <li>• Implementation of the Board’s decisions and policies and is accountable to the Board.</li> </ul>



## **10. Company Secretary**

---

- 10.1 The Board is supported by a qualified, suitable and competent Company Secretary. The Company Secretary is responsible for supporting the effective functioning of the Board and to comply with all statutory and regulatory requirements including best practices in corporate governance.
- 10.2 All Directors shall have access to the advice of the Company Secretary on governance matters.
- 10.3 The Company Secretary keeps confidential the affairs of the Board at all times and adheres to the Company Secretary's Code of Ethics in Malaysia.
- 10.4 The appointment or removal of the Company Secretary shall be a decision of the Board. In the event of a resignation of the Company Secretary, it will have to be accepted by the Board.
- 10.5 The Company Secretary shall devote time commitment to properly discharge his/her duties effectively.

## **11. Access to Information**

---

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

## **12. Board Meetings**

---

- 12.1 The Board shall meet at least once every quarter in a year and may convene additional meetings when required as indicated in its Terms of Reference.
- 12.2 The proceedings of Board meetings are stated in its Terms of Reference.

## **13. Directors' Training and Induction Programme**

---

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



## **14. Board Evaluation / Fit & Proper requirements**

---

- 14.1 The Board, through the NC, carries out Board evaluations annually to objectively assess the performance and effectiveness of the Board, Board Committees and Individual Directors.
- 14.2 The Board, upon recommendation from the NC, shall periodically engage external consultants or experts to assist in and lend objectivity to the annual Board evaluations.
- 14.3 The Board, through the NC, ensures that the Fit and Proper assessment of Directors, Senior Management, Senior Officers and Company Secretary is carried out on an annual basis or when required.

## **15. Board Committees**

---

- 15.1 The Board has established the following Board Committees:
  - Board Risk Management Committee
  - Board Technology Risk Committee
  - Audit Committee
  - Nomination Committee
  - Remuneration Committee
- 15.2 The Board shall determine appropriate compositions of the respective Board Committees.
- 15.3 The Board approves the Terms of Reference of the Board Committees.
- 15.4 The Chair of respective Board Committees shall provide verbal reports to the Board on Committee's business at regular sittings of Board meetings. Written reports, by exception, shall be submitted to the Board.
- 15.5 The Board remains collectively accountable and responsible for any authority delegated to the Board Committees.

## **16. Shariah Committee**

---

- 16.1 The Shariah Committee ("SC") provides oversight on Shariah matters related to the Bank's overall Islamic business activities to ensure the Islamic banking products and services offered by the Bank are in compliance with Shariah principles at all times.
- 16.2 The SC Chair reports to / updates the Board at each quarterly Board meetings on Shariah related matters.
- 16.3 The appointment / reappointment / removal of SC members shall be a decision of the Board. In the event of a resignation of an SC member, it will have to be accepted by the Board.



## **17. Conflict of Interest**

---

17.1 All Directors are required to:

- Declare any interests that may give rise to potential or perceived conflict e.g. multiple directorships, business relationships or others that could interfere with objective judgement;
- Declare, as soon as they become aware, matters/interests that may give rise to a conflict of interest at the outset of Board / Committees' meetings. The conflicted Director shall not participate in the discussions of that subject, nor vote on it.

17.2 The Board shall assess all potential or perceived conflicts of interest declared and shall decide as may be appropriate.

## **18. Code of Conduct**

---

The Bank adopts the BNP Paribas's Code of Conduct which applies to all Directors, Management, employees and/or other relevant stakeholders.

## **19. Shareholder Communication**

---

The Annual General Meeting ("AGM") represents an important event which all Directors should attend and the Bank regards the AGM as dialogue and interaction with the shareholder.

## **20. Frequency of review**

---

The Board Charter shall be reviewed and updated at least once in every two years, or earlier in the event of any material changes.