



## **Mizuho Bank (Malaysia) Berhad**

Company Registration No. 201001039768  
(923693-H)

### **BOARD CHARTER**

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1. **INTRODUCTION**

The Board of Directors (“Board”) of Mizuho Bank (Malaysia) Berhad (“MBM” or “the Bank”) acknowledges the importance of cultivating and sustaining a good corporate governance that is robust in order to assist MBM in promoting a culture of integrity and transparency. Being responsible for the stewardship of MBM, the Board aims to maintain the highest standards of transparency, integrity and honesty by setting the standard as the basis of its principles that govern Directors’ conduct.

2. **OBJECTIVE**

The Board Charter sets out, among others, the mandate, responsibilities and procedures of the Board and the Board Oversight Committees (“BOC”) including the matters reserved for the Board’s decision. The Board Charter shall be read together with the Terms of References for the Board and the BOCs.

3. **BOARD MANDATE**

The mandate of the Board is governed by the Financial Services Act 2013 (“FSA”), Companies Act 2016 (“CA”), Bank Negara Malaysia’s Policy Document on Corporate Governance (“BNM CG”), Constitution of MBM (“Constitution”) and any other relevant laws and regulations in Malaysia governing MBM.

The Board intends to carry out its mandate either directly or through the various BOCs, any other committees established or any entity appointed by the Board from time to time.

4. **BOARD OF DIRECTORS**

4.1. **Composition**

(a) In determining the composition, the Board shall consider its size that could promotes effective deliberation, encourages the active participation of all Directors and allows the work of the various BOCs to be discharged effectively without giving rise to an over-extension of Directors who are required to serve on multiple BOCs. The Bank shall take into account the following salient factors when determining the Board composition:-

- (i) The development of the Bank, especially in terms of the size, complexity and scope of its business operations.
- (ii) The membership of the Board shall not more than seven (7) Directors unless otherwise approved by the Shareholder of MBM.
- (iii) The Board must have a majority of Independent Directors at all times.

As MBM is required to have mandatory number of Independent Directors, an obligation is imposed on the Board to assess and determine whether a person to be appointed as an Independent Director is independent in character and judgment and free from associations or circumstances that may impair the exercise of his/her independent judgment. For this purpose, a person must not be considered to be an Independent Director if he/she or any person linked to him/her:-

- has been an **executive** in the last two years;
- is a substantial shareholder of MBM or any of its affiliates; or

- has had a **significant business or other contractual relationship** with MBM or any of its affiliates within the last two years.

*“Executive” refers to any person who has management responsibilities in MBM or any of its affiliates (whether or not he is an officer of MBM or any of its affiliates)*

*“Significant business or other contractual relationship” refers to any transaction engaged with MBM and or its affiliates, whether with other persons or through a firm or a company of which he/she is a partner, director or major shareholder, where the value of which exceeds RM1 million. However, “transactions” as stated above shall exclude the following transactions:*

- *for personal use of the said director;*
- *for personal investment of the said director except for the purpose of carrying on a trade or business;*  
*or*
- *normal banking transactions other than loans and advances*  
*provided that such transactions are on normal commercial terms.*

An Independent Director is required to immediately disclose to the Board in writing on any change in his/her circumstances that may affect his/her ability to meet the independence criteria set out above and stated in the Declaration on Qualification of Independent Director.

- (iv) The Board must not have more than one (1) Executive Director unless BNM approves otherwise.

Executive Directors bring to the Board technical expertise and useful insights about MBM’s operations. However, it is important that their representation on the Board does not reduce the Board’s ability to objectively scrutinize the proposals and performance of Senior Management of MBM.

BNM may allow MBM to have more than one Executive Director if the Chairman is an Independent Director and BNM is satisfied that such appointment of Executive Directors would not be compromise Board effectiveness, having regard to:-

- the extent of the Executive Directors’ involvement in making or implementing management decisions that are subject to the Board’s oversight;
- the degree to which the Executive Directors’ incentives are influenced by the performance of MBM;
- the effectiveness of the Non-Executive Directors in providing a counterbalance to the collective influence of executives on the Board; and
- the significance and uniqueness of the contribution that the candidate is expected to bring to the Board.

*According to BNM CG, “Executive Director” refers to a Director of MBM who has management responsibilities in MBM or any of its affiliates.*

- (v) The Chairman must be an Independent Director and must not be an executive or had served as the CEO, Executive Director or Managing Director of MBM in the past five years. In order to promote robust and open deliberations by the Board on matters referred by the BOCs, the Chairman of the Board must not chair any of the BOCs.

#### 4.2. **Appointment**

- (a) A prior approval of BNM is required for each appointment of MBM’s Director including the appointment of Chairman of MBM. For this purpose, MBM is bound by the procedure and vetting process as imposed by BNM from time to time particularly the procedures set by BNM under Appendix 3 of BNM CG.

- (b) The appointment of a Director shall be formalised through Director's Contract of Service whereby a Director is required to acknowledge the terms of his/her appointment. This Director's Contract of Service covers the following mandatory terms:–
- the provision on his/her roles and responsibilities as Director, including those arising from his/her membership in any BOCs;
  - the provision on his/her tenure of appointment; and
  - the provision on the Director's removal in the event that he/she no longer meets the minimum qualification, fit and proper requirements or has been assessed to be ineffective, errant or otherwise unsuited to carry out his/her responsibilities.

#### **4.3. Tenure**

- (a) The tenure of an Independent Director shall not exceed an accumulative term of nine (9) years.

#### **4.4. Qualification and Fit and Proper Criteria**

- (a) As a licensed financial institution in Malaysia, MBM is bound by the strict laws governing the qualification, fit and proper criteria that its Directors must comply before and throughout the directorship tenure.
- (b) It is a mandatory requirement for the Board to develop and document the criteria and skill sets required of its members, both individually and collectively. The criteria and skill sets must reflect the fit and proper requirements and specific market or business knowledge required on the Board. These criteria and skill sets shall be reviewed regularly by the Board to ensure alignment with the strategic direction and emerging challenges faced by MBM including taking into account supervisory concerns highlighted by BNM that require specific expertise on the Board. There will be direct engagements with the Board or the Board Nomination Committee as an important way to ascertain the suitability of each candidate or member for the Board.
- (c) On the assessment, each Director shall be assessed against the criteria, skill sets, minimum qualification and fit and proper requirements at least annually and as and when the Board becomes aware of information that may materially compromise the Director's fitness and propriety, or any circumstance that suggests that the Director is ineffective, errant or otherwise unsuited to carry out his responsibilities.
- (d) A person is prohibited from holding office as a Director of MBM or directly/indirectly be concerned with or takes part in the management of MBM, if the person :-
- is an undischarged bankrupt in or outside Malaysia;
  - has been convicted of an offence relating to the promotion, formation or management of a corporation in or outside Malaysia;
  - has been convicted of an offence involving bribery, fraud or dishonesty in or outside Malaysia;
  - has been convicted of an offence under Sections 213, 217, 218, 228 and 539 of CA in or outside Malaysia; or
  - has been disqualified by the Court under Section 199 of CA.
- (e) A Director is disqualified from being appointed/elected, reappointed/re-elected, accepting any appointment/election or holding office if:-
- he/she is an undischarged bankrupt, has suspended payments or has compounded with his/her creditors, whether in or outside Malaysia;
  - a charge for a criminal offence relating to dishonesty or fraud under any written law or

the law of any country, territory or place outside Malaysia, has been proven against him/her;

- he/she is prohibited from being a director of a company or in any way, whether directly or indirectly, be concerned or take part in the management of a company in Malaysia pursuant to a court order made under section 198 /199 of the CA and has not obtained any leave of the court under the same section; or
- under any law relating to prevention of crime, drug trafficking or immigration—
  - (i) an order of detention, supervision, or deportation has been made against him/her; or
  - (ii) any form of restriction or supervision by bond or otherwise, has been imposed on him/her.

- (f) A Director of MBM must strictly comply with the fit and proper requirements including the minimum criteria relating to probity, personal integrity and reputation, competency and capability and financial integrity as imposed by BNM under Section 60 of the FSA, BNM's Fit and Proper Guideline ("BNM FP") and MBM's Qualification, Fit and Proper Policy.
- (g) A Director, at the time of his appointment and on a continuing basis:-
  - must not be disqualified and must comply with the fit and proper requirements under the CA and FSA respectively.
  - must not have competing time commitments that impair his/her ability to discharge his duties effectively.
  - must not be an active politician.
  - must not be the officer directly involved in the engagement or a partner of the firm appointed as the external auditor of MBM. He/she must not serve or be appointed as a Director of MBM until at least two years after:-
    - he/she ceases to be an officer or partner of that firm; or
    - the firm last served as an auditor of MBM.
- (h) MBM is not allowed to make application to BNM to appoint or reappoint a Director unless the Board has conducted its objective assessment and is wholly satisfied that the said person has complied and meets all the minimum requirements above, understands the expectations of the role and is able to meaningfully contribute to the Board.
- (i) In view of these strict requirements, a Director must immediately disclose to the Board any circumstance that may affect his/her ability to meet these qualifications, fit and proper criteria and minimum requirements as stated under the laws.

#### 4.5. **Re- Appointment / Re-Election**

- (a) Any re-appointment of Directors is subject to BNM's vetting process and prior approval.
- (b) Each year, one-third (1/3) of the Board is required to retire at the Annual General Meeting ("AGM") of MBM and be subjected to re-election by the Shareholder.

#### 4.6. **Assessment on Performance**

- (a) Similarly, the Board is required to carry out annual evaluations to evaluate objectively the performance and effectiveness of the Board, BOCs and individual Directors. This annual evaluation shall take into consideration the overall composition of the Board in terms of the appropriate size and skills and the balance between Executive Director, Non-Executive Director and Independent Director, the succession plan including the programmes to provide for the orderly succession of the Board and the BOCs and the framework for formal

assessment on the effectiveness of the Board, BOCs and individual Directors. This evaluation is important to enable the Board to identify areas for professional development and process improvements after taking into consideration the changing needs of MBM.

#### **4.7. Cessation of Office**

- (a) The Chairman and Director are under strict obligation to immediately cease to hold office and act in their such capacity if they become disqualified under Section 59(1) of the FSA, no longer complies with any of the fit and proper requirements as may be specified by BNM under Section 60 of the FSA or failed to meet the qualification requirements as stated in this Board Charter, the Constitution or any other governing laws.
- (b) MBM is under the statutory obligation to immediately terminate the appointment of Chairman or Director if such person becomes disqualified under Section 59(1) of the FSA and to immediately remove such Chairman or Director from such office if he/she no longer complies with any of the fit and proper requirements under Section 60 of the FSA and BNM FP.
- (c) Notwithstanding anything contained in any contract of service or any other agreement relating to his/her appointment, any Chairman or Director terminated under Section 61 (2)(a) of the FSA shall not be entitled to claim any compensation for such termination.
- (d) Apart from the above, the office of Director shall be vacated if the Director:
  - ceases to be a Director by virtue of the CA;
  - becomes prohibited from being a Director by reason of any order made under the provisions of the CA or contravenes Section 198 of the CA;
  - has competing commitments that impair his/her ability to discharge his duties effectively;
  - is an active politician;
  - is an officer directly involved in the engagement or he is a partner of the firm appointed as the external auditor of MBM or within at least the past two years he had served as an officer or partner of that firm or the firm last served as an auditor of MBM;
  - resigns his office by notice in writing to MBM;
  - becomes of unsound mind, physically incapacitated or dies; or
  - is removed by a resolution of MBM in its general meeting.
- (e) The written approval of BNM must be obtained before MBM removes an Independent Director or if an Independent Director resigns from his position. However written approval of BNM is not required in the event that MBM terminates an Independent Director in accordance with statutory requirements under Section 61(2)(a) of the FSA.
- (f) Upon expiry of directorship tenure and while his/her reappointment is being proposed, such Director must immediately cease to hold office, act in such capacity, including by participating in Board meetings or holding himself/herself as a Director of MBM. Unless the written approval of BNM has been obtained, no public announcement shall be made on the proposed appointment of a Director.

#### **4.8. Remuneration**

- (a) The remuneration of the Directors shall be governed by the Constitution of MBM and the Directors' Remuneration Policy issued and revised by the Board from time to time.

## 5. **PRINCIPAL ROLES AND RESPONSIBILITIES**

### 5.1 **Board of Directors**

- (a) The business and affairs of MBM shall be managed under the direction and oversight of the Board subject to FSA and any other written law which may be applicable to MBM. The Board has the overall responsibility for promoting the sustainable growth and financial soundness of MBM and for ensuring reasonable standards of fair dealing, without undue influence from any party. This includes a consideration of the long-term implications of the Board's decisions on MBM and its customers, officers and the general public. In fulfilling this role, the Board must:-
- set and oversee the implementation of business and risk objectives and strategies and in doing so shall have regard to the long term viability of MBM and reasonable standards of fair dealing;
  - approve the risk appetite, business plans and other initiatives which would, singularly or cumulatively, have a material impact on MBM's risk profile (including initiatives which affect the financial soundness, reputation or key operational controls of MBM);
  - ensure and oversee the effective design and implementation of sound governance framework, internal controls, compliance and risk management systems and periodically review whether there remain appropriate in light of material changes to the nature, scale and complexity of the business and structure of MBM;
  - oversee the performance of the Senior Management in managing the business and affairs of MBM;
  - oversee the selection, performance, remuneration and succession plans of the Chief Executive Officer ("CEO"), Control Function Heads and other members of Senior Management, such that the Board is satisfied with the collective competence of Senior Management to effectively lead the operations of MBM;
  - promote, together with Senior Management, a sound corporate culture within MBM which reinforces ethical, prudent and professional behaviour;
  - promote sustainability through appropriate environmental, social and governance considerations in MBM's business strategies;
  - oversee and approve the recovery and resolution as well as business continuity plans for MBM to restore its financial strength, and maintain or preserve critical operations and critical services when it comes under stress;
  - ensure that there is a reliable and transparent financial reporting process within MBM;
  - promote Shariah compliance in accordance with the BNM's guidelines on Shariah governance policies and ensure its integration with MBM's business and risk strategies; and
  - promote timely and effective communications between MBM and BNM on matters affecting or that may affect the safety and soundness of MBM.
- (b) Each Director is required to be aware of legal parameters that define his/her duties. Broadly, these include:
- act in good faith in the best interest of MBM;
  - exercise reasonable care, skill and diligence with the knowledge, skill and experience as expected of a Director having the same responsibilities and any additional knowledge, skill and experience which the Director has;
  - only exercise powers conferred on him/her for the purposes of such powers are conferred;
  - exercise sound and independent judgment;
  - avoid conflicts of interest in a personal or professional capacity in a personal or professional capacity, including improper use of property, information, opportunity of MBM or position as a Director of MBM or engaging business in which is in competition



- with MBM; and
- disclose and abstain from voting on matters of material personal interest.

## 5.2 **Chairman**

- (a) The Chairman is appointed by the Board with primary regard to his/her skills, expertise and experience, having a good understanding and experience in the financial industry in addition to Malaysia boardroom and corporate governance issues.
- (b) The Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of its role. He/she is expected to spend sufficient time necessary to fulfil his/her duties. The Chairman, in leading the Board, is responsible for the effective overall functioning of the Board. In fulfilling this role, the Chairman must:-
  - ensure that appropriate procedures are in place to govern the Board's operation;
  - 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 the relevant information on a timely basis;
  - encourage healthy discussion and ensure that dissenting views can be freely expressed and discussed; and
  - lead efforts to address the Board's developmental needs.

## 5.3 **Executive Director**

- (a) The Executive Director is a nominee director of the shareholder.
- (b) The Executive Director, like all Directors, owes director's duties to the Bank. These duties include a duty to act honestly and use reasonable diligence in the discharge of his/her responsibilities and act in the best interest of the Bank.
- (c) The Executive Director will essentially help to bring to the Board the useful insights about the shareholder's expectations and provide the checks and balances in ensuring the Bank operates in a safe and sound manner to complement the strategic planning as envisaged by Mizuho Group. He/she normally acts as the conduit between the Board and shareholder (including regional office).

## 5.4 **Independent Directors**

- (a) Independent Directors should ensure a strong element of independence on the Board both in thought and actions. The effective participation of Independent Directors is to enhance the accountability in the Board's decision making process. The responsibilities of an Independent Director include the following:
  - provide and enhance the necessary independence and objectivity on the Board;
  - ensure effective checks and balances on the Board;
  - mitigate any possible conflict of interest between the policy-making process and the day-to-day management of the Bank;
  - constructively challenge and contribute to the development of business strategy and direction of the Bank;
  - to ensure that adequate systems and controls to safeguard the interests of the Bank are in place; and
  - protect the interests of the shareholder and other stakeholders.

5.5 **Chief Executive Officer**

- (a) The CEO, in leading Senior Management, bears primary responsibility over the day-to-day management of MBM, including:-
- implement the business and risk strategies, remuneration and other policies in accordance with the direction given by the Board;
  - establish a management structure that promotes accountability and transparency throughout MBM's operations, and preserves the effectiveness and independence of control functions;
  - promote, together with the Board, a sound corporate culture within MBM which reinforces ethical, prudent and professional behavior;
  - address actual or suspected breaches of regulatory requirements or internal policies in a timely and appropriate manner;
  - regularly update the Board with the material information the Board needs to carry out its oversight responsibilities, particularly on matters relating to the performance, financial condition and operating environment of MBM; internal control failures, including breaches of risk limits; and legal and regulatory obligations, including supervisory concerns and the remedial actions taken to address them.

6. **COMPANY SECRETARY**

- 6.1 The Company Secretary is responsible for supporting the effective functioning of the Board. In discharging this role, the Company Secretary provides counsel to the Board on governance matters and facilitates effective information flows between the Board, the BOCs and Senior Management.
- 6.2 The Board shall be supported by a suitably qualified and competent licensed Company Secretary, who shall at minimum meet the requirements of the CA. The Company Secretary must be a natural person, eighteen years old and above, Malaysian or a permanent resident and shall ordinarily reside in Malaysia by having a principal place of residence in Malaysia. The appointment and removal of the Company Secretary of MBM must be approved by the Board.
- 6.3 The Company Secretary must not have competing time commitments that may impair his/her ability to discharge his/her duties effectively. Unless BNM approves otherwise in writing, the Company Secretary of MBM must devote the whole of his/her professional time to the affairs of MBM. This does not preclude the Company Secretary from carrying out other responsibilities for MBM's or its affiliates, where these responsibilities do not conflict with his/her responsibilities to the Board.

7. **RESERVED MATTERS – SHAREHOLDER AND BOARD OF DIRECTORS**

In managing the operation and business of MBM, there is a need to set clear authority mandates. For this purpose, the Board is adopting a formal schedule of matters reserved (Reserved Matters) that is subjected to the Shareholder, the Board and the BOC's respective purview. Certain matters are designated specifically for the Shareholder or the Board's deliberation and these Reserved Matters are as outlined under **Appendix A and Appendix B** herewith. The authority mandates for the BOCs are sets through its respective Terms of Reference approved and reviewed by the Board from time to time.

8. **POWER OF DELEGATION**

- 8.1 Unless otherwise restricted under the laws or the Constitution of MBM, nothing herein stated shall restrict the Board from delegating its specific responsibilities to the BOCs, any other committee, individual Director, Management or any person/entity.

9. **BOARD OVERSIGHT COMMITTEES**

- 9.1 The Board has established the BOCs stated below to assist the Board in exercising its roles and responsibilities. Each of the BOCs must assume the specific responsibilities enumerated under Appendix 1 of BNM CG, respective terms of references or any other guideline/policy:-
- (a) Board Audit Committee;
  - (b) Board Risk Management Committee;
  - (c) Board Nomination Committee; and
  - (d) Board Remuneration Committee.
- 9.2 Each BOCs must have at least (3) three Directors, have a majority of Independent Directors, be chaired by an Independent Director who is not Chairman of the Board and comprise Directors who have the skills, knowledge and experience relevant to the responsibilities of the BOCs. With the exception of the Board Nomination Committee, BOCs must not have any Executive Director in its membership. MBM may combine its Board Nomination Committee and Board Remuneration Committee but it must not have any Executive Director in its membership.
- 9.3 The mandate and operating procedures for each BOCs with clear delineate the areas of authority delegated to the BOCs and the reporting arrangements for keeping the Board informed of the BOCs' work, key deliberations and decisions on delegated matters are duly governed by its respective Terms of References as approved by the Board from time to time. The Board remains fully accountable for any authority delegated to the BOCs.
- 9.4 The Board may establish additional BOC from time to time to consider matters of special importance or to exercise any authority delegated by the Board. MBM shall provide the BOCs with sufficient support and resources required to investigate any matter within their mandates.

10. **CONFLICTS OF INTEREST**

- 10.1 A Director is under strict obligation to avoid conflicts of interest in a personal or professional capacity, including improper use of property, information, opportunity of MBM or position as a Director of MBM or engaging business in which is in competition with MBM.
- 10.2 A Director who is interested in a contract or proposed contract with MBM in any way whether directly or indirectly, shall as soon as practicable after the relevant facts have come to the Director's knowledge, declare the nature of his interest at the Board meeting in accordance with the provision under the CA. Where there is any change to the nature and extent of a Director's interest in a transaction or arrangement subsequent to the disclosure made, the Director shall make a further disclosure of such changes. However, this requirement shall not apply in the case where the interest of the Director being a member or creditor of a corporation interested in a contract or proposed contract with MBM if the interest of the Director may be regarded as not being a material interest.
- 10.3 Unless otherwise stated in the Constitution, a Director shall not be deemed to be interested or to have been at any time interested in any contract or proposed contract by reason only
- (a) in a case where the contract or proposed contract relates to any loan to MBM that the

Director has guaranteed or joined in guaranteeing the repayment of the loan or any part of the loan or (b) in the case where the contract or proposed contract has been or will be made with or for the benefit of or on behalf of a corporation which by virtue of Section 7 of CA is deemed to be related to MBM that he is the director of that corporation.

- 10.4 Every Director who holds any office or possesses any property where duties or interests may be created in conflict with his duties or interests as Director of MBM, shall declare the fact and the nature, character and extent of the conflict at the Board meeting. The declaration shall be made at the first Board meeting held after he becomes a Director or if already a Director, after he commenced to hold the office or to possess the property, as the case requires.
- 10.5 A general written notice served by a Director to the Board informing that he/she is an officer/member of a specified corporation/firm and is to be regarded as interested in any contract which may, after the date of the notice, be made with that corporation/firm shall be deemed to be a sufficient declaration of interest in relation to any contract made. However, the notice must specify the nature and extent of the Director's interest in the specified corporation/firm and the interest is not different in nature or greater in extent than the nature and extent so specified in the general notice at the time any contract is so made. The notice shall be of no effect unless the notice is given at the Board meeting or the Director takes reasonable steps to ensure that the notice is brought up and read at the next Board meeting after it is given.
- 10.6 For the purposes of the above requirements under Section 221 of the CA, an interest in the shares or debenture of a company:-  
(i) of the spouse of a Director who is not a director of MBM; or  
(ii) of a child, including adopted child or stepchild, of a Director of MBM who is not a director of MBM,  
shall be treated as an interest in the contract and proposed contract.
- 10.7 The Company Secretary shall record every declaration made under this Section 221 of the CA in the minutes of the meeting at which the declaration was made.
- 10.8 A Director who is in any way, whether directly or indirectly, interested in a contract entered into or proposed to be entered into by MBM, unless the interest is one that need not be disclosed under Section 221, shall be counted only to make the quorum at the Board meeting but shall be absent from the meeting while the contract or proposed contract is being considered during the meeting and shall not vote on the contract or proposed contract.
- 10.9 Any non-compliance of the above requirements by a Director shall be reported to the Board for deliberation and further decision.
- 10.10 This section should be read in conjunction with the Conflict of Interest Policy of the Bank.

## **11. CORPORATE GOVERNANCE DISCLOSURE**

- 11.1 MBM is under regulatory obligation to disclose information on its Corporate Governance policies and practices which must include the information set out in Appendix 4 of BNM CG, the particulars of, and the reasons for, any gaps in relation to the requirements set out in BNM CG and a description of the measures taken, or that will be taken, to address the gaps.
- 11.2 For this purpose, the Board must ensure that the corporate governance disclosures are accurate, clear and presented in a manner that is easily understood by its relevant

stakeholders. The Bank's corporate governance disclosures shall accompany any directors' report to be laid in every AGM and thereafter, publish accordingly on MBM's website.

**12. BOARD PROCESS**

- 12.1. Directors must devote sufficient time to prepare for and attend Board meetings, and maintain a sound understanding of the business of MBM as well as relevant market and regulatory developments. 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. In respect of the quorum for Board meetings, at least a minimum of three (3) Directors or sixty percent (60%) of the total number of the Directors, whichever is higher, of which at least one (1) of such Directors in attendance must be a Non-Independent Director must be present.
- 12.2. The Directors may meet together for the dispatch of business, adjourn and otherwise regulated their meetings as they think fit. Directors may participate in a meeting of Directors by means of conference telephone or similar electronic communication of which all persons participating in the meeting can hear each other and participate throughout the duration of the meeting. Questions arising at the meeting shall be determined by a majority of votes. The Board may from time to time issue the Terms of Reference for the Board and BOC meetings to govern the Board processes.
- 12.3. Notwithstanding the above non-physical attendance, the Directors shall ensure that their attendance at Board meetings, by way other than physical presence, must remain the exception rather than the norm, and is subject to appropriate safeguards to preserve the confidentiality of deliberations. Directors are encouraged to physically attend at least 75% of the Board meetings held in each financial year.
- 12.4. The minutes of its respective Board meetings must be clear, accurate and must be properly maintained in order 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.
- 12.5. The Board shall be accorded 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 MBM.

**13. EXTERNAL ENGAGEMENT**

- 13.1. Directors must not have competing time commitments that impair his ability to discharge his duties effectively. The Directors are recommended not to hold more than five (5) directorship in a public listed company and no more than fifteen (15) directorships in a non-listed company (including public and private company) in order to ensure that his/her commitment will not be affected in performing his/her duties as a Director of MBM effectively.
- 13.2. Notwithstanding the above, Directors are expected to self-assess their ability to commit to any external professional commitments based on the complexity of their current responsibilities within MBM. The Directors should consult the Board prior to the acceptance of any external appointment in order to avoid any potential conflict of interest. A Director is required to notify in writing the Company Secretary on any change in the status of their external professional commitment within seven (7) days from the date of the said changes.

14. **DIRECTORS' DEVELOPEMENT**

- 14.1 A Director must maintain a sound understanding of the business of MBM as well as relevant market and regulatory developments which includes their commitment toward on-going education. For this purpose, the Board shall dedicate sufficient resources toward the on-going development of Directors including setting an adequate budget, having in place development plans for Directors and regularly updating such plans to ensure that each Director possesses the knowledge and skills necessary to fulfil his responsibilities.
- 14.2 As required by BNM, a Director must attend all the compulsory program imposed by BNM from time to time i.e. "Financial Institutions Directors' Education" (FIDE) and Islamic Finance for Board" (IF4BoD). A comprehensive in-house induction program shall be established to ease new Directors into their new role and to assist them in their understanding of the management and operations of MBM. New Directors would be required to attend the program as soon as possible after they have been appointed

15. **ETHICAL STANDARDS**

- 15.1 Board Members are expected to observe the highest standards of ethical behavior. The Board Members shall at least meet the minimum requirement under Mizuho Code of Conduct or any Code of Ethics issued by the Board.

16. **RELATIONSHIP WITH SHAREHOLDER**

- 16.1 A substantial shareholder of MBM must not hold a Senior Management position. This serves to preserve an appropriate separation between ownership and management of MBM in line with the broader responsibilities of MBM towards its depositors, investment account holders, policy holders and participants.
- 16.2 The Board seeks to maintain an effective communication with the Shareholder. The Shareholder shall be informed on all major developments and transactions affecting MBM.
- 16.3 In order to ensure that MBM shall discharge its own legal and governance responsibilities as a separate entity, the Board shall:-
- a) validate that the objectives, strategies, plans, governance framework and other policies set at Mizuho Group level are fully consistent with the regulatory obligations and the prudential management of MBM and ensure that entity-specific risks are adequately addressed in the implementation of group-wide policies; and
  - b) ensure timely engagement with BNM on strategic and regulatory developments at the group level that may significantly impact MBM's operations.

17. **CONFIDENTIALITY**

- 17.1 The Directors, CEO and the Company Secretary shall keep confidential the affairs of MBM and its officers at all times. No unauthorized disclosure shall be made unless otherwise allowed under the law.

18. **REVIEW OF BOARD CHARTER**

- 1.18 The Board shall review and update the Board Charter in accordance with the needs of MBM or any new regulations that may have impact on the discharge of the Board's responsibilities. The Board Charter shall be reviewed periodically and published on MBM's website.

**APPENDIX A**

NO	SHAREHOLDER RESERVED MATTERS
1.	Appointment of Directors and re-election of Director
2.	Remuneration of Directors including fees of the Directors, any benefits payable to the Directors, any compensation for loss of employment of a Director or former Director
3.	Increase the number of Directors of MBM to be more than seven (7).
4.	Removal of Director before the expiration period of office
5.	Tabling of MBM's profit and loss accounts, balance sheet, group accounts (if any) and reports including every report of the auditors relating thereto and of the Directors report as may be necessary, not later than six (6) months after closing its financial year.
6.	Appointment of External Auditor together with their Audit Fees and the removal of External Auditor from office before the expiration of term of office.
7.	Any issuance of shares and any split of share capital divided into different classes of shares, the repayment of preference capital other than redeemable preference capital or any other alterations of preference shareholders' rights (unless otherwise provided by the terms of issue of the shares of that class).
8.	Any alteration of capital of MBM (increase or reduce), consolidation or split of any of its share capital, cancellation of shares which have not been taken, or agreed to be taken, convert any class of shares or authorise the purchase by MBM of any shares of MBM.
9.	Issuance of any new shares or other securities which would result in a transfer of a controlling interest in MBM.
10	Receipt of any advancement of all or any part of the moneys uncalled and unpaid upon the shares.
11	Allotment / Issuance of shares to Director or employees
12	Payment of pension or allowances to any full-time Director and any establishment and maintenance of any schemes or funds for providing pensions, sickness or compassionate allowance, life assurances or other benefits for staff or employees of MBM or of any such subsidiary company.
13	<p>Any sale of a substantial portion of MBM's main undertaking or property.</p> <p><i>For the purposes of this Article 110, "a substantial portion of MBM's main undertaking or property" shall have the meaning as provided in Section 223 of the Act.</i></p> <p><i>Sec 223 - an undertaking or property shall be considered to be of a substantial value and a portion of the company's undertaking or property shall be considered to be a substantial portion if—</i></p> <p><i>(a) its value exceeds twenty-five per centum of the total assets of the company;</i></p> <p><i>(b) the net profits, after deducting all charges except taxation and excluding extraordinary items, attributed to it amounts to more than twenty-five per centum of the total net profit of the company;</i></p> <p><i>or</i></p> <p><i>(c) its value exceeds twenty-five per centum of the issued share capital of the company, whichever is the highest.</i></p>
14	In accordance with Section 51 of the FSA, declare dividends but (without prejudice to the powers of MBM to pay interest on share capital as hereinbefore provided) no dividend shall be payable except out of the profits of MBM, or in excess of the amount authorized by the Directors.
15	Capitalise any sum standing to the credit of any of the Company's reserve accounts (including any capital redemption reserve funds) or any sum standing to the credit of the profit and loss account or otherwise available for distribution
16	Voluntary winding up of MBM and the appointment and removal of liquidator in the voluntary winding up.
17	Any amendment of the Article or Constitution of MBM or any part thereof.
18	Any transactions under Section 218, Section 224 and Section 228 (with the exception under Section 229) of the Companies Act 2016.

**APPENDIX B**

NO	BOARD RESERVED MATTERS
1.	Matters concerning the Board and Board Oversight Committees i.e structure, membership requirement, composition, Board Charter, Terms of Reference, performance assessment, succession plan and others.
2.	The appointment/reappointment, cessation, terms and conditions / contract of service, assessment on the qualification, fit and proper criteria and independent status, succession plan and annual performance evaluation of Directors.
3.	Matters concerning the Shariah Committee of MBM i.e reporting structure, membership requirement, composition, Terms of Reference, performance assessment, succession plan and others.
4.	The appointment/reappointment, cessation, terms and conditions / contract of service, assessment on the qualification, fit and proper criteria, succession plan and annual performance evaluation of the Shariah Committee Members.
5.	The appointment/ reappointment, confirmation or promotion (if any), cessation, assessment on qualification and fit and proper criteria evaluation, succession plan, annual key performance indicators and annual performance assessment of Chief Executive Officer (CEO).
6.	The appointment, removal cessation, assessment of qualification and fit and proper criteria evaluation, succession plan, annual key performance indicators and annual performance assessment of Chief Internal Audit, Chief Risk Officer, Chief Compliance Officer and Company Secretary
7.	The internal policies of MBM including any policy for the management and operation of the business of MBM and the corporate governance disclosures. e.g Treasury Policy, Fit and Proper Policy and others
8.	The Remuneration Policy of MBM, the periodic review and material changes made to the Policy and MBM's bonus, incentive and increment pool
9.	The annual remuneration of Directors, Shariah Committee Members, Head of Control Functions, Senior Officer, material Risk Taker and Company Secretary including the maintenance and regularly review of MBM's list of officers who fall within the definition of "Other Material Risk Takers".
10.	The Business Plan and other initiatives which would, singularly or cumulatively, have a material impact on MBM's risk profile including any initiatives which affect the financial soundness, reputation or key operational controls of MBM
11.	The recovery and resolution as well as business continuity plans for MBM to restore its financial strength, and maintain or preserve critical operations and critical services when it comes under stress
12.	Approval of investment, divestment of a capital project or major changes in the activities of MBM which represents a significant diversification from MBM's existing business activities.
13.	Establishment of subsidiary companies, branch banks, local boards and agencies
14.	Annual budget of MBM, capital expenditure and/or disposal of capital items sanctioned over and above delegated levels, i.e. where the amount involved exceeds a pre-determined threshold given to Management.
15.	Approval of the financial statements of MBM and its releases, changes in the financial year end, dividend policy and payment, adoption of accounting policies, capitalisation of the profits and reserve of MBM, capital adequacy and effectiveness of MBM's system or risk management and internal controls and MBM's write-offs policy
16.	The overall risk strategy of MBM, risk appetite (including operational risk appetite) and its implementation, stress testing programme, business plans and other initiatives which would, singularly or cumulatively, have a material impact on MBM's risk profile including any initiatives which affect the financial soundness, reputation or key operational controls of MBM



NO	BOARD RESERVED MATTERS
17.	The annual MBM's credit risk strategy including MBM's overall direction for its credit activities, its periodic review and update
18.	MBM's internal policies governing risk concentrations, its annual review, material change and the regular independent review
19.	MBM's internal policies governing risk concentrations and policy on the circumstances and conditions where a loan/financing facility may be rescheduled or restructured by MBM
20.	The policies and procedures governing the stress testing programme, the effective implementation of the programme and management actions proposed by Senior Management to mitigate potential vulnerabilities including its respective periodic review.
21.	MBM's written policy on credit transactions, management of credit exposures with connected parties, periodically review / any changes to the said policy, approval of transactions with connected parties and the write-off of connected party, restructure/reschedule loan/financing facility
22.	MBM's internal audit charter and its periodic review and audit plan including any deferment, if any.
23.	MBM's compliance policy, the structure, reporting and resources of the compliance function
24.	MBM's AML/CFT policies, the establishment of appropriate mechanisms and procedures to effectively implement AML/CFT and internal controls including the mechanism and procedures to monitor and detect complex and unusual transactions, AML/CFT framework and AML/CFT reporting
25.	MBM's policies, procedures and controls over the confidentiality and security of customer information.
26.	Significant policies on securitisation activities to be undertaken by MBM, pricing policy for retail lending activities and the annual attestation to BNM on introduction of new products
27.	MBM's outsourcing risk management framework, outsourcing plan and its submission to BNM
28.	Authorise the usage of MBM Seal.
29.	Appointment of Corporate Representative of MBM and granting of Power of Attorney by MBM.
30.	Recommendation for the changes in MBM's Constitution.
31.	Utilization of MBM's fund or its subsidiary's fund to purchase of its own shares by MBM.
32.	Calls upon the members in respect of any money unpaid on their shares and forfeiture or lien of shares
33.	Calling of the Annual General Meeting (and any Extraordinary General Meeting) at such time and place in accordance with the Constitution of MBM.
34.	Recommendation on any matters to be tabled to the Shareholder under the Shareholder's Reserved Matters.