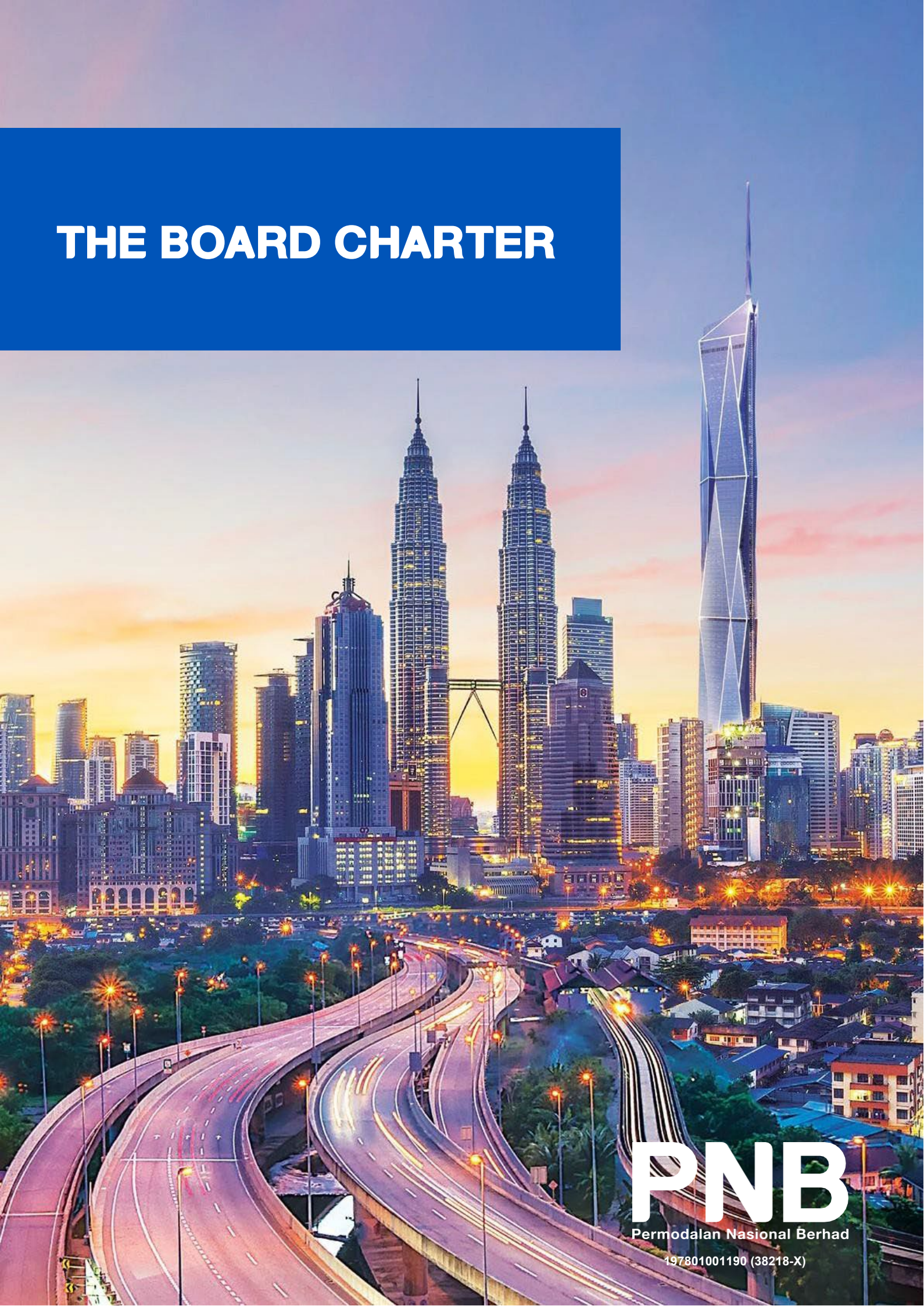


THE BOARD CHARTER



PNB

Permodalan Nasional Berhad

197801001190 (38218-X)

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Company No.: 197801001190 (New)
38218-X (Old)

BOARD CHARTER

1. INTRODUCTION

1.1 General

- (a) The Board of Directors (The Board) of Permodalan Nasional Berhad (PNB/Company) is committed to maintaining high standards of corporate governance and the highest level of integrity in the Company's business operations.
- (b) This Charter for the Board of PNB (Board Charter) has been established in line with the provisions of the Companies Act, 2016 (the Act), the Memorandum and Articles of Association of PNB, governance and accountability framework of the Malaysian Code on Corporate Governance (MCCG), the GLC Transformation Manual, Capital Market and Services Act 2007, Licensing Handbook, Fund Management Compliance Guidelines (FMC Guidelines) and the Green Book - Enhancing Board Effectiveness (Green Book) and any other applicable law or regulatory requirements. Collectively, their governing principles and guidelines contribute to the transparency required of the Board and Company by law, the trust demand by unit holders and the expectations of the shareholders. The purpose of this Board Charter is to document and formally adopt the governance practices PNB has had in place since its inception.
- (c) This Board Charter will clarify existing policies and/or policy processes, and will define, among others, the following:-
 - (i) Constitution of the Board;
 - (ii) Role and principal responsibilities of the Board;
 - (iii) Board structures and procedures;
 - (iv) Relationship of the Board to Management (as defined herein) and with the shareholders; and
 - (v) Committees that support the Board's oversight function and remuneration of the directors.
- (d) In giving effect to this Board Charter and its governance principles the Board is committed to ensuring that PNB's operations are driven by its values in meeting its vision to be a Distinctive World-Class Investment House and with its mission to enhance the economic wealth of the Bumiputera community and all Malaysians for the prosperity of the nation.

- (e) More importantly, the Board acknowledges the pivotal role corporate governance plays in guiding PNB to fulfil its part:-
- (i) as an instrument of and an institution established pursuant to the New Economic Policy (NEP), to selectively acquire shares in companies on trust for the Bumiputera community as well as developing Bumiputera managerial and entrepreneurial skills. *Role of PNB*
 - (ii) as a Government Linked Investment Company (GLIC), to realise the principles of the 2005 Transformation Manual for Government-Linked Companies (GLCs) in the creation of GLCs and GLICs which uphold corporate governance with focus on human capital development and management.
 - (iii) as the foremost investment institution in Malaysia, to enhance the investment of unit holders of the unit trust funds managed by Amanah Saham Nasional Berhad (Company No. 47457-V), a wholly-owned subsidiary company of PNB, thereby contributing to the economic wealth of the Bumiputera community in particular, and the well-being of the nation as a whole.
- (f) If any of the clause herein is inconsistent with any of the provision of the Memorandum and Articles of Association (M&A) of the company, the provision of the M&A shall prevail.

2. SEPARATION OF POWER AND AUTHORITY

- (a) Given that the role of the Chairman of the Board (Chairman) in securing good corporate governance is crucial, the roles and responsibilities of the Chairman and the President & Group Chief Executive of PNB (PGCE) are clear, distinct and separate. Each has a clearly accepted division of responsibilities to ensure a balance of power and authority. *Part 2 of MCCG
Clause 1.1.3
Green Book*
- (b) The Chairman is a Non-Independent Non-Executive Director.
- (c) The roles of the Board and Management of the Company are complementary.
- (i) The Board's primary focus is the Company's overall strategic direction, corporate performance and issues of policy.
 - (ii) Responsibility of the day-to-day management and administration of the Company's business and operations is delegated by the Board to the PGCE, assisted by the executive team (Management).
- (d) The Board has implemented appropriate procedures to assess Management's performance.

2.1 Chairman

- 2.1.1 The Chairman is responsible for the leadership, conduct and management of the Board in the discharge of its stewardship responsibilities.

*Clause 4.1
MAICSA Model
Board Charter*

2.1.2 The key responsibilities of the Chairman include:

- (a) leading the Board in setting the values and standards of the Company and meeting the expectations of the shareholders;
- (b) providing leadership to Board development;
- (c) fostering the development of a Board culture characterised by constructive Board engagement, commitment to transparency and commitment to practicing good governance;
- (d) ensuring full utilisation of individual capacities and optimum performance of the Board and each of its Committees;
- (e) promoting consultative and respectful relationship between and amongst Board members;
- (f) ensuring that Non-Executive Directors are enabled and encouraged to play their full part in the Board's activities;
- (g) ensuring effective communication with shareholders and relevant stakeholders of the Company;
- (h) arranging evaluation of the performance of the Board, its Committees and individuals Directors; and
- (i) ensuring that a constructive collegial relationship is maintained between the Board and Management.

2.1.3 The Chairman presides over meetings of Directors and several meetings of the company. The Chairman is responsible for managing the business of the Board to ensure that:

*Clause 4.1.3
MAICSA Model
Board Charter*

- (a) all Directors are properly and accurately briefed on issues arising at Board meetings;
- (b) issues brought before the Board are well debated and sufficient time is allowed for discussion and where appropriate, arranging for informal meetings to enable thorough preparation prior to the discussion; and
- (c) issues discussed are forward looking and focus on the strategic direction of the Company.

2.2 PGCE

*Clause 4.2
MAICSA Model
Board Charter*

2.2.1 The PGCE manages the business of the Company and implements the decisions, policies, directions and strategies approved and adopted by the Board.

2.2.2 The PGCE is the conduit between the Board and Management in ensuring the success of the Company's governance and management functions.

- 2.2.3 The PGCE has the executive responsibility for the day-to-day management and administration of the Company's business and operations.
- 2.2.4 The PGCE is accountable to the Board as a whole and all communications on behalf of the Board are through the PGCE.
- 2.2.5 The PGCE exercises all powers delegated by the Board.
- 2.2.6 All authorities conferred by the Board on Management are delegated by the Board through the PGCE and shall in respect of each authority so given, be construed, and deemed as the PGCE's authority and accountability.

*Clause 4.2.4
MAICSA Model
Board Charter*

3. THE BOARD

*Clause 3.1
MAICSA Model
Board Charter*

3.1 Role of the Board

- 3.1.1 The Board shall provide strategic direction and effective oversight of the Company.
- 3.1.2 The Board is charged with leading and overseeing the management of the Company in an effective and responsible manner, by constructively challenging and supporting the Management.
- 3.1.3 The Board establishes and reviews the Company's vision, mission and values consistent with the strategic framework that specifies the overall direction of the Company.
- 3.1.4 The Board shall govern in alignment with current corporate governance best practices.

3.2 Responsibility of Directors

- 3.2.1 Directors are expected to comply with their legal, statutory and equitable duties and obligations when discharging their responsibilities as directors.
- 3.2.2 Directors are, collectively and individually, cognisant of their responsibilities to shareholders and stakeholders for the manner in which the affairs of the Company are managed.
- 3.2.3 In giving effort to this Board Charter, each Director shall at all times act in good faith in the best interests of the Company, honestly, fairly, diligently, and in all respects in accordance with the relevant laws, rules, procedures and regulations applicable to and affecting the Company.
- 3.2.4 Directors shall uphold their fiduciary responsibilities and duty of care to the Company and shall exercise care, diligence and skill in the discharge of their duties.

Broadly, these shall include,

- (a) not disclosing confidential information and refraining from making improper use of the information;
- (b) avoiding real and perceived conflicts of interest; and
- (c) refraining from taking advantage of their position as a Director, and favouring the interests of the Company over the interests of others and themselves.

3.2.5 Directors are expected to make positive contributions to the overall performance and duties of the Board and be able to provide sufficient quality time and attention to overseeing the affairs of the Company.

3.2.6 Directors acknowledge that the responsibility for good corporate governance rests with them and therefore strive to follow the principles and best practices set out in the MCCG.

3.2.7 Directors are expected to support spirit of Board decisions.

3.3 Principal Duties and Responsibilities of the Board

3.3.1 The Board retains full and effective control and responsibility of the Company. This includes the following specific responsibilities in the discharge of its duties:-

*Clause 3.1
Green Book*

- (a) Establishing and approving the strategy and operating objectives, strategic direction and key performance indicators of the Company;
- (b) Overseeing and evaluating the conduct of the Company's business;
- (c) Approving, reviewing and monitoring the Company's financial position and performance, including its annual budgets and business plans;
- (d) Approving capital expenditure in relation to major material corporate transactions or contract commitments above specified in thresholds and limits;
- (e) Approving and monitoring the effectiveness of the Company's overall risk management and control framework and in this regard, identifying principal risks and reviewing systems of risk management to ensure that the risks are properly managed;
- (f) Establishing and developing a succession plan and overseeing the development of the Company's human capital;
- (g) Approving all major policies set periodically by the Company;
- (h) Approving and reviewing systems of internal compliance and control and the adequacy of internal control policies; and
- (i) Ensuring that policies and procedures are in place consistent with the Company's objectives, and that the Company and its employees act legally, ethically and responsibly in all manners.

3.3.2 The FMC Guidelines place the responsibility for compliance with all laws, regulations and guidelines on the Board of Directors.

Clause 4.01 of the Guidelines on Compliance Function For Fund Management Companies (FMC Guidelines)

3.3.3 At all times, the Board of Directors must ensure:-

Clause 4.02 of the FMC Guidelines

- (a) only licensed persons can carry out regulated activities;
- (b) at least one director is a CMSRL holder;
- (c) the fund management company complies with the 11 core principles as set out in Chapter 3 and the securities laws, regulations and all relevant guidelines;
- (d) the fund management company-
 - (i) establishes, implements and maintains an effective internal control framework to prevent and detect abusive or inappropriate investment practices or conflicts of interest between proprietary transactions, employees' transactions, and clients' transactions;
 - (ii) conducts at least yearly review on the effectiveness of its internal control framework; and
 - (iii) reports to the shareholders of any findings from the review as specified in the above (d)(ii);
- (e) written policies and procedures are in place to-
 - (i) enable full disclosure of clients' accounting records and assets to the clients;
 - (ii) provide clear line of reporting, authorisation and proper segregation of functions with a view to manage conflicts of interest that may arise in the course of doing its business;
 - (iii) prevent any flow of price sensitive information between the different areas of operations of the organisation;
 - (iv) prevent unauthorised or fraudulent transactions;
 - (v) prevent from running, churning or any other market misconduct by directors or employees;
 - (vi) preserve confidentiality of clients' information; and
 - (vii) mitigate the risk arising from a situation where an individual is in control of all aspect pertaining to a single transaction.

- (f) the fund management company has a written business continuity plan in place;
- (g) policies and procedures affecting the staff responsibilities are effectively communicated;
- (h) competent persons are appointed to supervise and manage the fund management company and that such persons are always subject to oversight of the Board;
- (i) that the fund management company always has adequate financial, human, technology and other resources which commensurate with its business;
- (j) that it assess the fund management company's cyber security resilience and preparedness including confidentiality, integrity and availability of data and services as stipulated under the Guidelines on Management of Cyber Risk;
- (k) the fund management company establishes and maintains proper system of record keeping relating to-
 - (i) fund management company's information; and
 - (ii) clients' information;
- (l) clients' assets are safeguarded and clients receive information as specified in the FMC Guidelines;
- (m) one or more compliance officers are appointed, who-
 - (i) have the qualifications and experience as stipulated in the Licensing Handbook;
 - (ii) have the necessary authority, resources and support to administer independently and effectively, the implementation of the fund management company's compliance policies and procedures;
 - (iii) must not perform any other duties that may compromise or conflict with the compliance officer's responsibilities;
 - (iv) reports directly to the Board and Compliance Committee.
- (n) all matters raised by the compliance officer or the compliance committee (where such committee has been established), including any non-compliance with any provisions of the relevant laws, regulations and guidelines, are properly addressed;
- (o) that it undertakes an effective oversight function on the overall compliance framework of the fund management company;
- (p) that it conducts at least an annual review on the effectiveness of the compliance framework;

- (q) that it provides effective and adequate support to the compliance officer and ensure that the compliance officer is not prevented in any way from discharging his responsibilities including making appropriate report to the relevant regulatory authority on any breaches or non-compliance;
- (r) that where the fund management company offers digital investment management services, the additional requirements set out in Chapter 13 of the FMC Guidelines must be complied with;
- (s) that any representations, including in the form of electronic communication made to clients are conducted with due care, skill and diligence to enable the clients to make balanced and informed decisions; and
- (t) the fund management company-
 - (i) provide clients with adequate information about the fund management company's shareholding, business address, relevant conditions or restrictions under which its business is conducted, key personnel and persons with whom clients may have contact, and subsequent changes made thereafter;
 - (ii) inform the clients of any significant changes to the organisation that could affect clients' interests; and
 - (iii) provide any other relevant information required by the clients.

3.3.4 The requirements set out in the above paragraph 3.3.3(e)(ii) and (iii) must also be taken into account where the fund management company is part of a group of companies. *Clause 4.03 of the FMC Guidelines*

3.4 Board structure and composition

3.4.1 The Board shall be constituted in accordance with the Articles of Association of the Company (Articles of Association). There shall be a minimum of two (2) Directors and a maximum of nine (9) Directors. *Clause 3.2
MAICA Model
Board Charter
Article 74
M&A of PNB*

3.4.2 The Board shall be a balanced board with a complementary blend of expertise, comprising the following:-

- (a) Qualified prominent individuals drawn from varied backgrounds bringing with them in depth and diversity in experience, expertise and perspectives to the Company's operations; *Clause 1.14
Green Book*
- (b) Directors who have a proper understanding and competency to deal with current and emerging issues of the Company's business; and
- (c) Directors who can effectively review and challenge the performance of Management and exercise independent judgement.

3.4.3 Independent Director

*Clause 1.1.2
Green Book
and MCCG*

- (a) At any one time, at least one-third (1/3) of the Board shall be Independent Non-Executive Directors.
- (b) The Independent Non-Executive Directors provide independence of judgement and objectivity without being subordinated to operational considerations.
- (c) The Independent Non-Executive Directors shall also be free from any business or other relationships that could materially interfere with the exercise of their objective and independent judgement.
- (d) The Independent Non-Executive Directors shall ensure that the interests of the company, shareholders and stakeholders are taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by it.
- (e) The views of the Independent Non-Executive Directors carry significant weight in the Board's decision-making process.

3.4.4 The PGCE is an Executive Director on the Board to ensure that the link between Management and the Board is maintained.

3.4.5 The Board shall at all times, strive to reach decisions by consensus. In the event of failure to reach consensus, Management shall undertake a review of the proposal or issue to enable a consensus to be reached. In case of equality of votes, the Chairman of the meeting shall have a second or casting vote.

*Article 98
M&A of PNB*

3.5 **Appointments to the Board**

3.5.1 The Board has established a formal and transparent procedure for appointments of new Directors.

*Clause 3.3
MAICSA Model
Board Charter*

3.5.2 A proposed appointment is first considered by the Nomination Committee, which takes into account the necessary skill and experience of the candidate before making a recommendation to the Board.

3.5.3 The appointment of a new Director is a matter for consideration and decision by the full Board.

3.5.4 The Company Secretary has the responsibility of ensuring that relevant procedures relating to the appointment of a new Director are properly executed.

3.5.5 Immediately following the appointment of a new Director, the Company Secretary will advise the Director of his/her principal duties and responsibilities and explains the restrictions to which he or she is subject to in relation to price-sensitive information and dealings. The Company Secretary will also provide the new Director with a Director's Kit consisting of this Board Charter, a copy each of the Company's Memorandum and the Articles of Association, the Company's latest

Annual Report and the schedule of Board and Board Committee meetings for the year.

- 3.5.6 All Directors are provided on a periodic basis with appropriate briefings on the Company's affairs and up-to-date corporate governance and/or best practices materials published by the relevant regulatory bodies.
- 3.5.7 The Company has in place educational/training programmes to update the Board of new developments pertaining to laws and regulations affecting the Company and changing commercial risks which may affect the Board and/or the Company. *Clause 1.4.4 Green Book*
- 3.5.8 Directors are also encouraged to attend training programmes conducted by professionals or professional bodies and which are relevant to the Company's operations and business. *Clause 1.1.7 Green Book*
- 3.5.9 The directorships held by any Director at any one time shall not exceed five (5) directorships in listed companies. *Clause 15.06 Listing Requirements of Bursa Malaysia Securities Berhad*
- 3.5.10 The listing of directorships held by Directors and confirmed by them individually, is submitted to the Board at the beginning of each financial year.

3.6 Re-election/Re-appointment of Directors

All Directors, except for the PGCE, must retire every year and are eligible for re-election or re-appointment (pursuant to the Act), at the Company's Annual General Meeting (AGM) in accordance with the Articles of Association. *Article 75,76 and 111 M&A of PNB*

3.7 Board management and oversight

3.7.1 Board meetings

- (a) Directors may meet together to attend to business and adjourn and otherwise regulate their meetings as they decide either through physical meeting, via telephone conferencing or other means as the Board deems appropriate.

A Board meeting shall have a formal schedule of matters reserved to it.

The Company Secretary shall give reasonable notice of a meeting.

- (b) The complete agenda and comprehensive Board papers are circulated to all Directors before each meeting. *Clause 2.2.2 Green Book*
- (c) Other unscheduled meetings may be held provided that sufficient notice is given to all Directors.
- (d) The minutes of each meeting are kept by the Company Secretary and are available for inspection by any Director.

- (e) The Chairman will call a meeting of the Board if so requested by any Director. The quorum necessary for the transaction of the business of the directors shall be half of the number of the existing Directors. *Article 96 M&A of PNB*
- (f) Management may be invited to attend and speak at meetings on matters relating to their areas of responsibility.

3.7.2 Supply of information to the Board

*Clause 3.5
MAICSA Model
Board Charter*

- (a) The Company shall provide all Directors with accurate, timely, relevant and clear information and in a form and manner appropriate for them to discharge their duties effectively.
- (b) Information provided to the Board shall encompass not only historical financial information, but also other key leading indicators necessary for full disclosure of facts. *Clause 2.2
Green Book*

3.7.3 Access to Information and Independent Advice

- (a) The Board or a Committee of the Board may access such information and seek such independent advice as it collectively considers necessary to fulfil its responsibility and to permit independent judgement in decision making, at the expense of the Company.
- (b) Directors will be entitled to:-
 - (i) access members of the Senior Management via the PGCE at any time to request relevant or additional information or seek explanation; and
 - (ii) have access to the Company's Internal and External Auditors without Management's presence to seek explanation(s) or additional information.

3.8 Committees of the Board

3.8.1 The Board may discharge any of its responsibilities through Committees of the Board in accordance with the Articles of Association. *Article 104
M&A of PNB*

3.8.2 The Board has established the following Committees: *Clause 3.5
MAICSA Model
Board Charter*

- (i) Investment Committee
- (ii) Property Investment Committee *Clause 1.2
Green Book*
- (iii) Appeal Committee
- (iv) Audit Committee
- (v) Risk Management Committee

- (vi) Tender Committee
- (vii) Nomination and Remuneration Committee
- (viii) Compliance Committee
- (ix) Shariah Advisory Committee
- (x) Art Committee

3.8.3 Each Committee shall adopt its own Terms of Reference (TOR) to be approved by the Board, setting out matters relevant to its composition and responsibilities. The TOR will be periodically reviewed by the Board.

*Clause 1.2.2
Green Book*

The Board may establish other committees as the Board deems necessary.

3.8.4 The Board will appoint members to the Committees and make changes to membership as the Board deems necessary.

3.8.5 The Board will determine which issues require a decision of the full Board and which issues can be delegated to Committees or to Management.

3.8.6 All Directors will receive copies of minutes of meetings in respect of each Committee and may attend meetings of Committees of which they are not members.

4. DECLARATION OF INTEREST

Directors shall:

- (a) disclose to the Board (through the Company Secretary) any actual or potential conflict of interest which may exist or perceived to exist as soon as they become aware of the issue;
- (b) take any necessary and reasonable steps to try to resolve the conflict; and
- (c) disclose their interest as defined in paragraph 6.01 and 6.02 of FMC Guidelines, upon joining, at least annually thereafter and, as and when there are changes to their interests or holdings.
- (d) comply with the provisions of the Act, the FMC Guidelines and any other relevant regulation/guidelines (if any) in respect of disclosure of interests and restrictions on voting.

*Paragraph 6.01
and 6.02 FMC
Guidelines*

*Paragraph 6.01 of
the FMC
Guidelines*

5. DIRECTORS' REMUNERATION

5.1 The fees for the directors and also the Committees of the Board will be reviewed every three years.

- 5.2 The fees of the directors, and any benefits payable to the directors including any compensation for loss of employment of a director or former director of a public company shall be approved at a general meeting. *Section 230(1) Companies Act, 2016*
- 6. COMPANY SECRETARY** *Clause 11 MAICSA Model Board Charter*
- 6.1 The Board appoints the Company Secretary, who plays an important advisory role, and ensures that the Company Secretary fulfils the functions for which he/she has been appointed. *Clause 2 Green Book*
- 6.2 The Company Secretary is a central source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting and applicable to the Company. *Principle A, Practice 1.4 of MCCG*
- 6.3 The Company Secretary advises the Directors of their obligations to adhere to matters relating to:
- (a) disclosure of interest in securities; holding in securities, other assets including alternative products and any interests in a Special Purpose Vehicle arrangement, whether directly or indirectly, including through nominees or relatives. *Paragraph 6.06 of FMC Guidelines*
 - (b) disclosure of any conflict of interest in a transaction involving the Company;
 - (c) prohibition on dealing in securities; and
 - (d) restrictions on disclosure of price-sensitive information.
- 6.4 The Company Secretary shall keep abreast of, and inform the Board of current governance practices and any changes to the relevant laws, rules, procedures and regulations affecting and applicable to the Company.
- 6.5 Directors have unlimited access to the professional advice and services of the Company Secretary.
- 7. ACCOUNTABILITY AND AUDIT** *Clause 7 MAICSA Model Board Charter*
- 7.1 Financial Reporting and Disclosure**
- 7.1.1 The Company shall present a clear and balanced assessment of its financial position and future prospects that extends to the interim and price-sensitive information and other relevant reports submitted to regulators.
- 7.1.2 Directors shall ensure that the financial statements are prepared so as to give a true and fair view of the current financial status of the Company in accordance with the approved accounting standards.

7.2 Relationship with External Auditors

- 7.2.1 The Board has established a formal and transparent arrangement for financial reporting, applying internal control principles and maintaining an appropriate relationship with the External Auditors through its Audit Committee.
- 7.2.2 The Audit Committee also keeps under review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the External Auditors.
- 7.2.3 Appointment of the External Auditors shall be subject to approval of the shareholders at the Company's AGM.
- 7.2.4 The External Auditors shall have an obligation to bring any significant defects on the Company's system of control and compliance to the attention of Management, the Audit Committee and the Board. This shall include the communication of fraud.

7.3 Relationship with Head of Internal Assurance Department, Group Head of Compliance & Integrity, and Chief Risk Officer of Risk Management Department

*Chapter 2
Green Book*

- 7.3.1 The Company's internal audit function is independent of the activities it audits and is performed with impartiality, proficiency and due professional care.
- 7.3.2 The Company's Internal Audit critically reviews all aspects of the Company's activities and its internal controls. Comprehensive audits of the practices, procedures, expenditure and internal controls of business and support units and subsidiary companies are undertaken on a regular basis.
- 7.3.3 The Head of Internal Assurance Department, Group Head of Compliance & Integrity, and Chief Risk Officer of Risk Management Department, have direct access to the Board through the Chairman of their respective committees, these being Audit Committee, Compliance Committee and Risk Management Committee.

8. INTERNAL CONTROL, RISK MANAGEMENT AND COMPLIANCE

8.1 Internal Control

- 8.1.1 The Board shall ensure that the Company's systems of internal controls, financial or otherwise, provide reasonable assurance on the achievement of the Company's objectives in
- (a) effectiveness and efficiency of operations;
 - (b) reliability of financial information; and
 - (c) compliance with laws and regulations.

8.1.2 The Board recognises that reviewing of the Company's systems of internal control is a concerted continuing process, designed to manage rather than eliminate the risk of failure to achieve business objectives.

8.1.3 The Board endeavours to ensure that the Company maintains adequate systems of internal control with consistent integrity designed to manage risk and improve its governance process.

8.2 Risk Management

8.2.1 The Board acknowledges that risk management is an integral part of the Company's business operations and is an on-going process.

8.2.2 The Board acknowledges that effective monitoring and review of significant risks on a continuous basis is essential in ensuring the integrity of the Company's internal control framework.

8.2.3 The Board has delegated the responsibility of overseeing risk management activities of the Company to the Risk Management Committee.

9. GENERAL MEETINGS

9.1 The AGM

9.1.1 An AGM of the Company shall be held in accordance with the provisions of the Act and the Articles of Association.

9.1.2 The Company regards the AGM as the principal forum for dialogue with shareholders providing the Board with an important opportunity for effective communication with, and constructive feedback from the shareholders.

9.2 EGM

9.2.1 An EGM of the Company is convened on the requisition by the Board, shareholders or pursuant to the Act.

10. CODE OF ETHICS AND CONDUCT

10.1 The Board should encourage employees to report genuine concerns in relation to breach of a legal obligation (including negligence, criminal activity, breach of contract and breach of law), miscarriage of justice, danger to health and safety or to the environment and the cover-up of any of these in the workplace. The board should ensure that its whistleblowing policies set out avenues where legitimate concerns can be objectively investigated and addressed. Individuals should be able to raise concerns about illegal, unethical or questionable practices in confidence and without the risk of reprisal.

*Malaysian Code of
Corporate
Governance*

10.2 As prescribed by Section 213 of the Act, the Directors shall at all times act in good faith and in the best interest of the Company.

10.3 The Board is required to observe the Directors' Code of Ethics as follows:-

- (i) A director must act honestly, in good faith and in the best interest of the Company as a whole.
- (ii) A director has to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office.
- (iii) A director must use the powers of office for a proper purpose, in the best interests of the Company as a whole.
- (iv) A director must recognise that the primary responsibility is to the Company's shareholders as a whole but should, where appropriate, have regard to the interests of all stakeholders of the Company.
- (v) A director must not make improper use of information acquired as a director.
- (vi) A director must not take improper advantage of the position as a director.
- (vii) A director must not allow personal interests, or the interest of any associated person, to conflict with the interests of the Company. A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare the Director's interest in accordance with the Act. Interested Directors should abstain from discussion or decisions on matters in which they have a conflicting interest, unless resolved otherwise by the other members of the Board.
- (viii) A director has an obligation to be independent in judgment and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board of Directors.
- (ix) Confidential information received by directors in the course of exercise of their duties as a director of the Company remains the property of the Company and it is authorised by the Company or the Board, improper to disclose it, or allow it to be disclosed, unless that disclosure has been or the person from whom the information is provided, or is required by law.

10.4 Further, the PNB Group is committed to the highest standards of professional and personal conduct in all its business activities. The PNB Group has in place Code of Conduct and Business Ethics which clearly articulates the policies and procedures in managing conflicts of interest, preventing the abuse of power, corruption, insider trading, money laundering and unethical conduct or violation of laws, rules and regulations.

10.5 The PNB Group communicates the Code of Conduct to all Directors and employees upon their appointment/employment and is also made available on the Company's website.

11. RELATIONSHIP WITH KEY STAKEHOLDERS

- (a) The Board recognises that no Company can exist by maximising shareholders' value alone. In this regard, the needs and interests of its

stakeholders are also taken into consideration. This is especially pertinent for PNB, which was established with specified national objectives.

- (b) The Company also provides easy access of corporate information to the stakeholders through the Company's website, the Annual Report and the customer and agent relationship department.

11.1 Unit Holders

11.1.1 The Board acknowledges that as an investment management company, it has a special responsibility to safeguard the interests of Unit Holders.

11.1.2 The Company adopts a prudent approach in enhancing the value of its investments for the long-term benefit of the Unit Holders.

11.2 Employees

The Board acknowledges that employees are invaluable human capital of the Company. The Board subscribes to and is fully committed to implementing the initiatives identified in the GLC Transformation Manual relating to human capital.

*GLC
Transformation
Manual*

11.3 Environment

The Board is an advocate of good environmental practices and is committed to protecting the environment in all aspects of the Company's business.

12. REVIEW OF BOARD CHARTER

This Charter was revised by the Board at its Special Meeting (No. SB3-2020) held on October 19, 2020. The Board may review this Board Charter and make changes it deems necessary or desirable.