مصرف الراجحي
alrajhi bank

Board of Directors (Board)
Charter and Terms of Reference

1.	Reference	This Terms of Reference of the Board of Directors of Al Rajhi Banking and Investment Corporation (Malaysia) Bhd (the Bank) provides a guide on the principles and operation of the Bank's Board of Directors (the Board). This Terms of Reference shall also serve as the Board's Charter. This Terms of Reference shall be read together with the Bank's Corporate Governance Policy, Islamic Financial Services Act 2013 and relevant BNM guidelines issued from time to time. The TOR shall be deemed amended to the extent of inconsistency with applicable laws and regulations. The Board has a fiduciary duty to act in the best interest of the Bank and is collectively responsible for the overall promotion of the interest of the Bank. In doing so, the Board shall uphold the highest standard of corporate governance and provide leadership, oversight and governance on strategy, risk appetite and corporate value of the Bank. In discharging its responsibilities, the Board shall take into account the interests of shareholders, depositors and relevant stakeholders.
2.	Composition of the Board	Subject to the Constitution, the number of Directors shall not be less than three (3) and not more than eleven (11) members. The Board shall at all times consist of a majority of independent non-executive directors.
3.	Chairperson of the Board	The Chairperson of the Board will be elected by the Board in accordance with the Bank's Constitution for the same period as the Board's mandate. The Chairperson must be a non-executive and must not be the Chairperson of any of the Board Committees of the Bank. In the absence of the Chairperson, the remaining Board members present may elect an independent director among themselves to chair the Board meeting.
4.	Board Committees	The Board will establish Board Committees and delegate certain responsibilities as it considers appropriate to assist it in carrying out its responsibilities. The responsibilities of those Board Committees will be set forth in their terms of reference, as amended from time to time. The Board shall remain responsible for the decisions of the Board Committees. The Board shall, as a minimum, establish the following Board Committees: (a) Board Nomination and Remuneration Committee; (b) Board Risk Management and Compliance Committee; and (c) Board Audit Committee.

5.	Key Responsibilities	The Board assumes, among others, the following duties and responsibilities:- 1. To approve and monitor implementation of strategies, business plans and other initiatives which would, singularly or cumulatively, have material impact to the Bank's risk profile, financial soundness, reputation or key operational controls of the Bank. 2. To approve and monitor the implementation of the Bank's corporate governance framework and internal control environment, and periodically review whether these remain appropriate in the light of material changes to the size, nature and complexity of the Bank's operations. 3. To approve and monitor implementation of overall risk strategy, including risk tolerance/appetite, risk management framework, policies and procedures for audit, risk and compliance, balance sheet management and capital adequacy. 4. To establish and ensure effectiveness of the compliance and internal audit functions and the financial reporting process. 5. To establish a robust Shariah governance framework and to promote Shariah compliance in all aspects of the Bank's operations, products and activities in accordance with the expectation set out in BNM's Shariah Governance Policy Document. 6. To promote, together with senior management, sound corporate culture and behavioural standards within the Bank to ensure fair treatment of customer, to safeguard interest of depositors and investment account holders, and to reinforce ethical, prudent and professional behaviour in the conduct of the business. 7. To oversee the selection, performance, remuneration and succession plans of the CEO, control function heads and other members of senior management including the company secretary. 8. To ensure that the Bank has a beneficial influence on the economic well-being of the communities within which it operates and to promote sustainability through appropriate environmental, social and governance considerations in the Bank's business strategies. 9. To 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. 10. To promote timely and effective communication between the Bank and BNM or any other regulators on matters affecting or that may affect the safety and soundness of the Bank. 11. To deliberate, review and approve on all matters that are escalated to the Board in line with the authority limits and all matters reserved for the Board's decision as determined by the Board from time to time. 12. To provide any attestation, undertaking or assurance as required by relevant regulatory authorities.

		13. To exercise oversight over management and ensure an effective process for identifying, mapping and assigning responsibility, authority and accountability. 14. To establish procedure to avoid conflict of interest and self-serving practices including dealings of any form with related entities. 15. To establish and ensure the effective functioning of various Board Committees. 16. To ensure the operations of the Bank are conducted prudently and within the framework of relevant laws and policies. 17. To undertake the Board's duties and responsibilities as well as oversight functions as stipulated in the IFSA 2013, BNM Guidelines and any other regulations or directives issued by BNM from time to time including without limitation Outsourcing Policy Document, Risk Management in Technology Policy Document and Compliance Policy Document.
6.	Board Meetings	The Board shall meet regularly and shall hold a minimum of six (6) meetings in a financial year. Special Board meeting may be convened on urgent matters in between scheduled meetings. A director must attend at least 75% of the meeting held in each financial year and must not appoint another person to attend or participate in a Board meeting on his behalf.
7.	Quorum for Meeting	Subject to Constitution, the quorum for meeting shall be at least 50% of the total number of directors. If necessary, the participation of the director can be facilitated via tele-conferencing devices and shall be counted for the purpose of determining a quorum. However, the Board shall ensure that attendance at a Board meeting by way other than physical presence, remains the exception rather than the norm, and is subject to appropriate safeguards to preserve the confidentiality of deliberations.
9.	Submission of Papers	Submission of papers to the Board is preferred to be no later than five (5) working days prior to the meeting.
10.	Notice of Meeting	Notice of meeting should be submitted no later than five (5) working days prior to the meeting.
11.	Minutes of Meeting	Minutes of meeting are to be prepared by the company secretary of the Bank or any other officer of the Bank designated by the Chairperson and to be circulated to the members for comments and confirmation in the next subsequent Board meeting. The minutes of meeting shall be accurately recorded to include decisions taken and the views of directors, where appropriate. The minutes must indicate whether any director has abstained or excused himself or herself from deliberating on a particular matter. The minutes shall be signed by the Chairperson of the meeting at which the proceedings were held or by the Chairperson of the next succeeding meeting.

		All resolutions and minutes of the proceedings of the Board meetings are to be maintained at the registered office of the Bank.
12.	Approval via Circular Resolution	1. Subject to the agreement by Chairperson of the Board, any paper / proposal that requires urgent decision may be decided based on circular resolution and it shall be valid and effective as if it had been passed at a meeting duly convened and held on the day the resolution in writing was last signed by a director (in accordance with the quorum requirements). 2. The paper will first be provided to the Chairperson. Once the agreement of the Chairperson is received, the paper will be circulated to the respective directors for a decision. 3. An approval via circularization is still subject to the decision and quorum requirements. 4. Circularization for decision must be made through and confirmed by the company secretary. 5. Request for approval of circular resolution via electronic mails (emails) / digital application / facsimile and other electronic means are considered valid and effective approval request. 6. Approvals via emails / digital application / hard-copy sign-off or digital signature on the resolution by the respective Director has to be kept together with the finalised document. Any such resolution may be contained in a single document or may consist of several documents in like form, each signed by one or more directors. 7. The list of resolution via circulation is to be presented for notation at the subsequent Board meeting.
13.	Secretary	Company secretary or an officer from the corporate secretarial function, or any officer appointed by the Chairperson of the Board from time to time.
14.	In Attendance / Non-member Invitees	At the discretion of the Chairperson, any of the Bank's officers (including from the Head Office) and other external parties may be invited as a Non-member Invitees from time to time. Non-member Invitees do not carry any voting rights.
15.	Board Evaluation and Development	The Board shall carry out an evaluation of the performance and effectiveness of the Board, Board Committees and individual directors on an annual basis. This is to enable the Board to identify areas for professional development and improvements, having regard to the changing needs of the Bank The engagement of external consultants or experts to assist in and lend objectivity to the annual board evaluation once every three (3) years shall be at the discretion of the Bank.
16.	Conflict of Interest	A director is required under section 67 of the IFSA to disclose to the Board the nature and extent of his or her interest whether directly or indirectly in a material transaction or material arrangement, and, if such material transaction or material arrangement is being deliberated during

		a board meeting, to be absent from the meeting during such deliberations. For the purpose of section 67(4) of the IFSA: 1. An existing or proposed transaction or arrangement will be considered “material” if it is one which a director is required to declare under section 221 of the Companies Act 2016 unless the director or any person linked to him cannot reasonably be expected to derive a benefit or suffer a detriment from the transaction or arrangement in a way that will place the director in a position of conflict; and 2. An interested director must make the disclosure by way of a written notice to all members of the Board and the Secretary:- (i) As soon as practicable after being aware of his interest in the material transaction or arrangement; and (ii) If the material transaction or arrangement is being deliberated at a Board meeting, before the commencement of the deliberation.
17.	Confidentiality	The content of any documents presented to the Board, the subsequent discussions and presentations as well as the minutes of meeting are considered confidential documents of the Bank. As such, no director, any officer or employee the Bank, or any person attending any meeting of the Board meeting shall disclose any information which had been obtained by such person arising out of the Board meeting and which is not made public except: For any purpose of any civil or criminal proceedings under any written law; 1. For any purpose as required by any authority with regulatory powers over the Bank including Bank Negara Malaysia, Securities Commission, and Companies Commission Malaysia; 2. In respect of any information already available in the public domain; 3. Where otherwise authorized by the Shareholder; or 4. Where otherwise in accordance with the purpose for which the information is made available or intent of the Board meeting. In relation to the confidentially of information, the directors as well as employees, staff, agent or any persons involved or attending the Board meeting must not misuse information obtained in the course of duties to derive personal gains or for any purpose other than the intended by the Bank.
18.	Inconsistency with the Constitution	To the extent that there is any inconsistency between this Terms of Reference and the Constitution, the Constitution shall prevail.

Revised and Approved on 29 October 2021.