



**AEON Bank**

21 October 2025

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**AEON BANK (M) BERHAD**

**BOARD CHARTER**

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## **1.0 INTRODUCTION**

- 1.1 The Board Charter serves to establish comprehensive regulations on the accountability of the Board of AEON Bank (M) Berhad (“AEONBANK”) towards shareholders and other stakeholders for the proper corporate governance and performance of AEONBANK, and its commitment to strengthen AEONBANK’s long-term sustainability and organizational effectiveness.
- 1.2 This charter sets out, among others, the principal role of the Board and the demarcation of the roles, responsibilities and powers of the Board, various Board Committees and Senior Management of AEONBANK. In addition, the Board Charter also serves as a general statement of intent on how the Board discharges its duties and responsibilities and assesses its own performance and of its individual Directors.
- 1.3 The following statutory/regulatory requirements and guidelines are relevant to this charter:
  - a. Islamic Financial Services Act 2013
  - b. Companies Act 2016
  - c. Policy Document on Corporate Governance issued by Bank Negara Malaysia
  - d. Policy Document on Shariah Governance issued by Bank Negara Malaysia
  - e. Malaysian Code on Corporate Governance issued by the Securities Commission
- 1.4 This Board Charter has been approved by the Board and is subject to review by the Board periodically, to ensure relevance and compliance.

## **2.0 DEFINITIONS**

- 2.1. “Board Committee” refers to committees of the Board that are required to be established according to regulatory requirements with specified sets of duties and responsibilities.
- 2.2. “Board” refers to the Board of Directors of AEONBANK.
- 2.3. “Constitution” refers to the Constitution of AEONBANK.
- 2.4. “Control function” refers to a function that has a responsibility independent from business lines to provide objective assessment, reporting and assurance of

the effectiveness of AEONBANK's policies and operations, and its compliance with Shariah, legal and regulatory obligations, including risk management, compliance and internal audit functions.

- 2.5. "Executive Director" refers to a Director of AEONBANK who has management responsibilities in AEONBANK or any of its affiliates.
- 2.6. "Fit and proper" refers to the requirements set out in AEONBANKS' Fit and Proper Policy.
- 2.7. "Independent Director" refers to a Director of AEONBANK who is independent in character and judgement and free from associations or circumstances that may impair the exercise of his independent judgement.
- 2.8. "Senior Management" refers to the Chief Executive Officer (CEO), other senior officers of AEONBANK who report directly to the CEO, the Chief Risk Officer, the Chief Compliance Officer, the Chief Internal Auditor and the Chief Shariah Officer.

### **3.0 ROLE AND FUNCTION OF BOARD AND BOARD COMMITTEES**

#### **3.1 Board Composition**

##### **a. Number of Directors**

- i. The number of Directors on the Board shall not be less than seven (7) nor more than eleven (11). The Board is empowered to appoint a Director to fill a casual vacancy or as an additional Director.  
*(Ref: Clause 69 of the Constitution)*
- ii. Each Board Committee must have at least three Directors, and have a majority of Independent Directors.  
*(Ref: Clause 90 of the Constitution)*

##### **b. Independence and Composition**

- i. The Board and the Board Committees shall be of a size that promotes effective deliberation, encourages the active participation of all Directors and allows the work of the various Board Committees to be discharged without giving rise to an over-extension of Directors that are required to serve on multiple Board Committees.

- ii. The composition of the Board shall reflect diversity, based on objective criteria, in terms of experience, age, cultural background and gender, perspectives and skills; which is conducive to effective decision making and effective discharge of its roles and responsibilities for the benefit of AEONBANK;
- iii. The Board shall 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. The criteria and skill sets shall be reviewed regularly by the Board to ensure alignment with the strategic direction and emerging challenges faced by AEONBANK. This must also take into account any supervisory concerns highlighted by BNM that require specific expertise on the Board;
- iv. Majority of the Board shall comprise Independent Directors to support objective and independent deliberation, review and decision-making as well as effective oversight of Management;
- v. The Board shall not have more than one Executive Director, unless BNM approves otherwise in writing;
- vi. The Board Committees must be chaired by an Independent Director and must not have any Executive Director in its membership;
- vii. The Chairman of the Board shall be a Non-Executive Director;
- viii. To promote robust and open deliberations by the Board on matters referred by the Board Committees, the Chairman of the Board shall not chair any of the Board Committees;
- ix. An Independent Director must immediately disclose to the Board if any change in circumstances that may affect the status as an Independent Director. The Board must review the designation as Independent Director and notify Bank Negara Malaysia (BNM) in writing of its decision to affirm or change his designation; and
- x. The Board may consider appointing a member of the Shariah Committee as a member of the Board to serve as a 'bridge' between the Board and the Shariah Committee.

### **3.2 Roles of the Board**

- a. The Board is the ultimate decision-making body of AEONBANK, with the exception of matters requiring shareholders' approval. It sets the strategic direction and vision of AEONBANK. The Board takes full responsibility in leading, governing, guiding and monitoring the entire performance of AEONBANK and enforces standards of accountability, all with a view to

enabling Management to execute its responsibilities effectively and efficiently.

*(Ref: Clauses 92 - 96 of the Constitution)*

- b. The Board shall promote sustainability through appropriate environmental, social and governance considerations in AEONBANK's business strategies and oversee the performance of the Senior Management in managing the business and activities of AEONBANK.
- c. The Board has overall responsibility for putting in place a policy of good corporate governance within AEONBANK, including the processes for financial reporting, risk management, internal control, compliance, anti-corruption, whistle-blowing, adhering to Shariah requirements, governance processes and long term sustainability. Board members bring their independent judgement, diverse knowledge and experience in deliberations on issues pertaining to strategy, performance, resources and business conduct. The Board, together with Senior Management must promote a sound corporate culture within AEONBANK which reinforces ethical, prudent and professional behaviour.
- d. The Board shall promote timely and effective communication between AEONBANK and BNM on matters affecting or that may affect the safety and soundness of AEONBANK.
- e. The Board is responsible to ensure Shariah compliance of AEONBANK in accordance with requirements of BNM Policy Document on Shariah Governance and ensure integration of the requirements with AEONBANK's business and risk strategies, with support from AEONBANK's Shariah Committee.
- f. The Board shall approve the remuneration for each Director, Shariah Committee member, member of senior management (i.e. C-suite officers) and other material risk taker\* annually.  
*(\*Note: AEONBANK shall maintain and regularly review a list of officers who fall within the definition of "other material risk takers".)*
- g. The Board has adopted a schedule of matters specifically reserved for its approval which include, among others, reviewing and approving the following, subject to applicable law and regulations:

- i. Risk appetite, business strategy and annual business plan/budget and other initiatives that have material impact on AEONBANK's risk profile;
- ii. The selection, performance, remuneration and succession plans of the CEO, control function heads and other members of Senior Management to ensure effective operations of AEONBANK.
- iii. The implementation of AEONBANK's governance (including Shariah governance), risk and compliance policies, and periodic review to ensure the policies remain appropriate in light of changes to the business, structure and regulatory environment.
- iv. The recovery and resolution and business continuity plans for AEONBANK to restore its financial strength and maintain or preserve critical operations and critical services when it comes under stress.
- v. Raising or restructuring of equity or debt capital and Bank borrowings; new investments, divestments, establishment of subsidiaries or joint ventures; and any other corporate exercise which requires approval of shareholders\*;
- vi. Acquisition or disposal of assets where the amount involved exceeds threshold for approval authority delegated to Management\*;
- vii. Resolution of any conflict of interest related to a substantial shareholder or a Director;
- viii. Related party transactions\* exceeding threshold or outside applicable criteria for approval authority delegated to Management;
- ix. Unaudited quarterly financial results and audited annual financial statements;
- x. Appointment of new Directors, including setting the relevant terms of service and level of remuneration\*;
- xi. Declaration of dividends\*; and
- xii. Transaction and activities outside the discretionary powers of Senior Management\*.

*(\*Note: Subject to shareholders' approval where necessary)*

- h. Certain principal responsibilities of the Board mentioned have been delegated by the Board to several Board Committees, in line with best corporate governance practices. While the Board Committees have the authority to examine particular issues and exercise decision making authority delegated by the Board under the Terms of Reference of each Committee, the Committees shall report to the Board on the decisions and/or recommendations made, and the ultimate responsibility for all matters lies with the entire Board.

- i. The Board shall ensure that the minutes of meetings accurately reflect the deliberations and decisions of the Board, including any dissenting views and if any Director had abstained from voting or deliberating on a particular matter. The minutes must indicate whether any Director abstained from voting or excused himself from deliberating on a particular matter.

### **3.3 Roles of Individual Directors**

The principal roles of individual Directors include, amongst others:

- a. Review the business strategy and plans of AEONBANK;
- b. Oversee the conduct of AEONBANK's business to evaluate whether the business is being properly managed;
- c. Oversee succession planning for Senior Management personnel of AEONBANK, including appointing, training, fixing the compensation of and, where appropriate, replacing Senior Management personnel;
- d. Review the shareholder communication policy of AEONBANK; and
- e. Review the adequacy and the integrity of AEONBANK's risk management and internal control systems and management information systems, including compliance with applicable laws, regulations, rules, directives and guidelines;

### **3.4 Roles of Independent Directors and Non-Executive Directors**

- a. The Independent Non-Executive Directors are independent of management and free from any business or other relationships that could materially interfere with the exercise of their independent judgement. They ensure that the interests of all shareholders are taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board.
- b. The Non-Executive Directors do not participate in the day-to-day management of AEONBANK and do not engage in any business transaction or other relationships with AEONBANK so as to ensure they exercise their independent judgment and act in the best interest of AEONBANK.
- c. The role of Independent Directors is to constructively challenge and review proposals on strategy include, inter alia:
  - To make independent assessment of the information, reports or statements, having regard to the Directors' knowledge, experience and competence, to provide independent view and demonstrate objectivity in reviewing and challenging the Management's proposals at meetings;



- To devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes, so as to keep abreast of industry issues, market development and trend, and enable them to sustain their active participation in Board deliberations; and
- Act as a channel of communication between Management, shareholders and other stakeholders and provide the relevant checks and balances, focusing on shareholders' and other stakeholders' interests and ensuring that high standards of corporate governance are applied.

### **3.5 Roles of Chairman**

- a. The Board is led by a Chairman who is responsible for the leadership and management of the Board and ensuring the Board and its Committees function effectively. The Chairman assumes the formal role of a leader and chairs all Board Meetings, leads discussion among Directors and provides leadership to the Board in its oversight of management.
- b. The Chairman facilitates the flow of information between Management and the Board and in consultation with Management, confirms the agenda for each Board Meeting. Other key roles of a Chairman are to ensure, among others:
  - The smooth functioning of the Board, the governance structure and inculcating positive culture in the Board;
  - Guidelines and procedures are in place to govern the Board's operations and conduct;
  - The training and development needs of the Board members are reviewed and addressed;
  - Providing leadership for the Board so that the Board can perform its responsibilities effectively;
  - Ensuring that Board members receive complete and accurate information in a timely manner, to ensure the decisions are taken on a sound and well-informed basis for all strategic and critical issues;
  - Leading Board Meetings and encourage healthy discussion;
  - Encouraging active participation and allowing dissenting views to be freely expressed;
  - Managing the interface between Board and Management;

- Ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole; and
- Leading the Board in establishing and monitoring good corporate governance practices in AEONBANK.

### **3.6 Separation of position of Chairman and CEO**

- a. To ensure balance of authority, increased accountability and a greater capacity for independent decision-making, the roles of Chairman and CEO are distinct and separate with a clear division of responsibilities between the Chairman and the CEO, so that no individual dominates the decision-making process.
- b. The Chairman of the Board must not have served as a CEO of AEONBANK in the past five years.
- c. The Board composition may include more than one Executive Director if the Chairman is an Independent Director and BNM is satisfied that the additional appointment will not compromise board effectiveness and representation on the Board does not reduce the Board's ability to objectively scrutinise the proposals and performance of Senior Management.

### **3.7 Roles of Board Committees**

- a. The Board delegates specific responsibilities to the Board Committees comprising:
  - **Board Risk and Compliance Committee (BRCC)**
    - Support the Board in meeting the expectations on risk management and compliance as required under relevant laws, regulations and guidelines, including the policy document on Risk Governance issued by BNM.
  - **Board Nomination and Remuneration Committee (BNRC)**
    - Establish and review the policies and procedures for appointment of Directors, Board Committee members and Shariah Committee members as well as Board and senior management remuneration policies and procedures.

- Oversee the nomination of Directors, assessment of performance and contribution of Directors and review of the required structure, size and composition (including the skills, knowledge and experience) of the Board as well as determine the training needs and recommend training programs for Directors.
- Periodically review and recommend to the Board on the remuneration package of each individual Director in accordance with their contribution, taking into account the level of expertise, commitment and responsibilities.
- **Board Audit Committee (BAC)**
  - Support the Board in ensuring that there is reliable and transparent financial reporting, disclosure and monitoring of internal control processes within AEONBANK.
  - Review and approving the audit scope, procedures and frequency and review the key audit reports include observations pertaining to internal controls and necessary corrective actions.
- b. The said Committees operate within clearly defined roles and responsibilities as set out in the Terms of Reference of each Committee. The Board Committees report to the Board on their deliberations, findings, and recommendations.
- c. The chairperson of the BRCC, BNRC and BAC report to the Board on matters dealt with at their respective Board Committee Meetings. Minutes of the BRCC, BNRC and BAC are presented at the Board Meetings for further discussion and direction. While these Committees have the authority to deliberate on matters delegated to them, all decisions and/or recommendations made by these Committees will be brought to the attention of the Board, which is collectively responsible for the decisions made.

### **3.8 Roles of Chief Executive Officer (CEO)**

- a. The CEO assumes the overall responsibility for the implementation of AEONBANK's strategy and in carrying out the Board's directions, managing the businesses of AEONBANK and driving performance within strategic goals and commercial objectives. The CEO is accountable to the Board for the day-to-day management and operations of AEONBANK's business.

- b. The key roles of CEO include, among other:
  - i. Developing objectives, vision, strategic direction and business targets;
  - ii. Ensuring strategies, corporate policies and Shariah governance are effectively implemented;
  - iii. Ensuring Board decisions and directions are implemented;
  - iv. Ensuring that the rulings of BNM's Shariah Advisory Council and the decisions or advice of the Shariah Committee are implemented, with due regard on deliberation and decision made by the Board on the relevant subject;
  - v. Establishing appropriate organization; structure of AEONBANK to implement short and long term business plans;
  - vi. Providing strong leadership to the Management team and employees of AEONBANK;
  - vii. Keeping the Board fully informed of all important aspects of AEONBANK's operation and ensuring sufficient information is distributed to Board members; and
  - viii. Ensuring the day-to-day business affairs of AEONBANK are effectively and efficiently managed.
  
- c. The CEO shall devote the whole of his/her professional time to the service of AEONBANK unless BNM approves otherwise in writing. AEONBANK may allow the CEO to assume a position of responsibility outside AEONBANK if AEONBANK is satisfied that the proposed position does not:
  - i. create substantial conflicts of interest or demands on the CEO's professional time; and
  - ii. result in the CEO holding directorships in more than five (5) entities other than AEONBANK.

The CEO may be permitted to hold a non-executive position in a professional body, industry association, statutory body, charitable body or other non-commercial public-interest entity.

### **3.9 Roles of Senior Management**

- a. The key responsibilities of Senior Management include:
  - i. Implementing the business and risk strategies, remuneration and other policies in accordance with the direction mandated by the Board;
  - ii. Establishing a management structure that promotes accountability and transparency throughout AEONBANK's operations, and preserves the effectiveness and independence of control functions;

- iii. Promoting, together with the Board, a sound corporate culture within AEONBANK which reinforces ethical, prudent and professional behaviour;
- iv. Addressing actual or suspected breaches or regulatory requirements or internal policies in a timely and appropriate manner; and
- v. Regular updating the Board with material information that the Board needs to carry out its oversight responsibilities, particularly on:
  - The performance, financial condition and operating environment of AEONBANK;
  - Internal control failures, including breaches or risk limits; and
  - Legal and regulatory obligations, including supervisory concerns and the remedial actions taken to address them.

## **4.0 SHARIAH COMMITTEE**

### **4.1 Shariah Committee**

- a. The Board shall establish a Shariah Committee which is responsible to provide advice to the Board and Management in ensuring that AEONBANK's aims and operations, business, affairs and activities are in compliance with the Shariah.  
*(Ref: Clause 91 of the Constitution)*
- b. The Shariah Committee shall support the Board in ensuring the integration of Shariah governance, compliance and risk considerations within AEONBANK's operations, and oversee the implementation of Shariah rulings and decisions within all business operations.
- c. The Board shall take reasonable steps to ensure that the Shariah Committee is free from any undue influences that may hamper the Shariah Committee from exercising its professional objectivity and independence in deliberating issues brought before them.
- d. The Board shall have due regard to any decisions or advice of the Shariah Committee on any Shariah issues relating to the operations, business, affairs or activities of AEONBANK.
- e. The Board shall establish effective communication with the Shariah Committee on all matters relating to Shariah requirements, Shariah governance or Shariah non-compliance risks to effectively discharge

respective responsibilities under the Shariah governance framework. The board must regularly review the quality and frequency of its engagement with the Shariah Committee.

- f. The Board shall establish a formal process to assess, at minimum annually, performance and effectiveness of the Shariah Committee and every Shariah Committee member. The assessment shall consider the competence, knowledge and contribution of each Shariah Committee member to the overall functioning of the Shariah Committee.
- g. The Board shall approve a remuneration policy that is commensurate with the accountabilities, duties and responsibilities of the Shariah Committee.
- h. The Board shall establish and regularly review succession plans for the Shariah Committee members. Such process must involve assessment of candidates against the minimum requirements set out in applicable BNM policy documents.

## **5.0 CODE OF CONDUCT, RISK MANAGEMENT AND SUCCESSION PLANNING**

### **5.1 Code of Conduct and Ethics, Duty of Care and Compliance**

#### **a. Code of Conduct and Ethics**

- The Board, Management and employees of AEONBANK are guided by the AEON Code of Conduct and the Code of Conduct (COC) of AEONBANK.
- Further, the conduct of the Board of Directors and individual Directors is guided by the Code of Ethics for Company Directors issued by the Companies Commission of Malaysia.
- The Code of Ethics and the COC provide guidance for proper standards of conduct, sound and prudent business practices as well as standard of ethical behaviour for Directors, based on principles of integrity, responsibility, sincerity and corporate social responsibility.
- The COC is published on the website of AEONBANK and new employees are briefed on the COC upon joining and are required to acknowledge in writing their acceptance and understanding of the code. Further reinforcement on the code is also done during AEONBANK's annual COC training. Management and employees are expected to observe high standards of integrity and fair dealing in relation to customers, business partners, staff and regulators in regions where the Group operates.

**b. Duty of Care and Diligence**

- All Directors of AEONBANK must exercise his/her power for a proper purpose and in good faith in the best interest of AEONBANK.
- Any Director, who is appointed by virtue of his/her position as a representative of a shareholder, must act in the best interest of AEONBANK. In the event of any conflict between his/her duty to act in the best interest of AEONBANK and his/her duty to his nominator, he/she must not subordinate his/her duty to act in the best interest of AEONBANK safeguarding the interests of all stakeholders.
- He/she shall exercise reasonable care, competence and diligence with the knowledge of skill and experience which may reasonably be expected from a Director having similar responsibilities.
- A Director is required to among others:
  - Maintain a sound understanding of the business, relevant market and regulatory development and keep abreast of relevant developments to ensure he/she is able to discharge his/her duties and responsibilities effectively;
  - Prepare for Board Meetings, contribute constructively to Board discussions and decision-making, and conduct due inquiry before approving a matter;
  - Ensure key transactions or critical decisions are deliberated and decided on by the Board in a meeting; and
  - Ensure his/her decisions and the basis for those decisions, including any dissenting views are made known and properly minute.

**c. Business Judgement**

A Director who makes a business judgment is deemed to meet the requirements of the duty as aforesaid and the equivalent duties in common law and in equity if he/she:

- Makes the business judgment in good faith for a proper purpose;
- Does not have a material personal interest in the subject matter of the business judgment;
- Is informed about the subject matter of the business judgment to the extent the Director reasonably believes to be appropriate under the circumstances; and
- Reasonably believes that the business judgment is in the best interest of AEONBANK where he/she is serving as a Director.

**d. Managing Conflict of Interest**

- AEONBANK shall establish policies and procedures to manage potential conflict of interest situations between any Director and AEONBANK.
- A Director of AEONBANK must not accept a benefit from or provide a benefit to a third party by reason only of:
  - Him/her being a Director; or
  - His/her doing something or refraining from doing anything as a Director; unless he/she is permitted to do so by AEONBANK's Code of Conduct and it is not contrary to any written law or regulations.

**e. Reliance on Information Provided by Others**

A Director in exercising his/her duties may merely rely on information, professional or expert advice, opinions, reports or statements including financial statements and other financial data, prepared, presented or made by:

- Any officer of AEONBANK whom the Director believes on reasonable grounds to be reliable and competent in relation to the matters concerned;
- Any other person retained by AEONBANK as to matters involving skills or expertise in relation to matters that the Director believes on reasonable grounds to be within the person's professional or expert competence;
- Another Director in relation to matters within the Director's authority; or
- Any Board Committee in which the Director did not serve in relation to matters within the Committee's authority.

A Director's reliance on information provided by others is deemed to be made on reasonable grounds if it was made in good faith; and after making an independent assessment of the information or advice, opinions, reports or statements, including financial statements and other financial data, having regard to the Director's knowledge of AEONBANK and the complexity of the structure and operations of AEONBANK.

**f. Whistleblowing Channel**

AEONBANK has also established a whistleblowing policy for communication or feedback from staff, Directors and third parties who have business dealings and transactions with AEONBANK on unethical practices, illegal activities, breach of regulations, financial/accounting fraud etc. The issues



raised through various channels established under the whistleblowing policy are investigated and resolved with strict confidentiality by the Senior Management of AEONBANK or designated Directors.

**g. Anto-Bribery Policy**

AEONBANK has in place an anti-bribery policy which sets out AEONBANK's policies to mitigate risk of acts of bribery and/or corruption in line with Section 17A of the Malaysian Anti-Corruption Commission Act 2009. The policy applies to all employees and external stakeholders when dealing with AEONBANK, in order to observe and uphold the Group's zero balance tolerance policy on bribery and corruption.

## **5.2 Risk Management**

- a. The Board has established a system of internal control that enables business to be transacted and risk taken without exposing itself to unacceptable potential losses or reputational damage through the Enterprise Risk Management Framework which is the overarching policy that sets out AEONBANK's approach to internal governance and establishes the mechanisms and processes by which the Board directs the organisation, through setting the tone and expectations from the top, delegating its authority and monitoring compliance.
- b. The purpose of the Enterprise Risk Management Framework and policies established under the said framework is to identify and set minimum requirements in respect of the main risks to achieving AEONBANK's strategic objectives and to provide reasonable assurance that internal controls are effective. The key elements of AEONBANK's system of risk management and internal control are set out in the risk management policies relating to each of AEONBANK's key risk areas. The overall risk strategy and the Risk Appetite Statement (RAS) of AEONBANK are reviewed and approved by the Board annually, based on recommendation of the BRCC. The RAS addresses the major types of risk that AEONBANK needs to manage and acceptable tolerance levels for specific risks in execution of business strategy.

### **5.3 Succession Planning**

- a. The Board shall establish and periodically review succession plans for the Board members to ensure the orderly identification and selection of new Directors in the event of anticipated or an unanticipated vacancy.
- b. Further, AEONBANK shall also establish the succession planning policy for Key Management positions including identifying the critical positions within AEONBANK, developing the job profile for each position with specific required competency and attributes. Internal talents who may potentially be suitable to fill the positions are identified and analysis is done to identify the competency gap between the current capabilities of the potential talent and the expected level of competency, using appropriate assessment tools. The abilities, readiness and career interests of identified talents are further assessed through channels such as performance appraisal, superior's comments and conducting career chats with potential talent.
- c. Thereafter, individual development plans are designed to provide development opportunities through formal training, job assignments, job rotations, on-job training, coaching, etc. Finally, continuous monitoring is done to monitor and evaluate the development progress and ascertain the readiness of potential talent to succeed in the higher level position.

## **6.0 DIRECTORS' TERMS OF SERVICE, ASSESSMENT AND OTHER MATTERS**

### **6.1 Appointments to the Board**

- a. The BNRC is responsible for identifying and nominating suitable candidates for appointment to the Board for approval, while recognising the right of shareholders to nominate candidate(s) to the Board, either to fill vacancies or as addition to meet the changing needs of AEONBANK.  
*(Ref: Clause 69 of the Constitution)*
- b. In identifying candidates for appointment of Directors, the Board does not solely rely on recommendations from existing Board members, Management or major shareholders. The Board shall endeavour to utilise independent sources to identify suitably qualified candidates. If the selection of candidates was based on recommendations made by existing Directors, Management or major shareholders, the BNRC should explain why these source(s) suffice and other sources were not used.

- c. Before recommending an appointment to the Board, the BNRC shall consider requirements in terms of Board diversity, mix of skills and core competencies (refer to paragraph 6.5 below) as well as time commitment of the candidates and any conflict of interest affecting appointment. The Chairman of the BNRC shall interact with the proposed candidate(s) subsequent to preliminary assessment of suitability by the BNRC based on the following aspects:
  - Specific knowledge, skill and working experience and achievements of the candidate;
  - Training attended by the candidate;
  - Time commitment by the candidate;
  - Independence and conflicts of interest; and
  - External directorships of the candidate.
- d. In relation to a proposed candidate who is a former officer, advisor or transacting party of AEONBANK, a three (3) year cooling-off period is required from cessation of such relationship before AEONBANK is able to consider appointment of such candidate to the Board.
- e. The following criteria are to be considered in assessing the suitability of the candidate for appointment:
  - Probity, personal integrity and reputation, where the candidate must have personal qualities such as honesty, integrity, diligence, independence of mind and fairness;
  - Competence and capability, where the candidate must have the skills, working experience, capability and commitment necessary to carry out the role; and
  - Financial integrity, where the candidate must manage his/her debts or financial affairs prudently.
- f. An individual must not be considered to be independent director if the candidate for appointment:
  - Has been an executive in the last two years;
  - Is a substantial shareholder of AEONBANK or any of its affiliates; or
  - Has had a significant business or other contractual relationship with AEONBANK or any of its affiliates as defined by the Board within the last two (2) years.
- g. The process for identifying and nominating new candidates for appointment as a Director entails the following steps:

- Identification of skills required;
  - Selection and short listing of candidates identified through various sources, having consideration of need for Board diversity;
  - Fit and proper assessment by the BNRC on shortlisted candidate(s);
  - Interview/interaction with candidate(s) by the BNRC or Chairman of the BNRC;
  - BNRC deliberation and confirmation that the recommended candidate is fit and proper for the Board role;
  - Recommended by BNRC for Board approval;
  - Decision by Board on recommended appointment; and
  - Submit the application either electronically or physically to BNM according to the application procedures. (This includes requirement for an application to BNM to be submitted at least three (3) months before the individual is expected to assume his proposed responsibilities. In the case of a reappointment, application must be submitted three (3) months prior to the expiry of the individual's existing term.)
- h. Written approval from BNM must be obtained before:
- i. Public announcement is made by AEONBANK on the proposed appointment or reappointment of a Director;
  - ii. Removal of an Independent Director or resignation of an Independent Director
- i. The Board shall ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a Director. This includes details of interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the Board and to act in the best interest of AEONBANK as a whole. The Board shall also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

## **6.2 Restriction on Directorships**

- a. A Director of AEONBANK is permitted to serve as a Director in a maximum of three (3) public listed companies and in a maximum of five (5) non-public listed companies, including AEONBANK. Non-public listed companies within the same group are considered as one (1) for this purpose. The aforementioned requirement is to avoid competing time commitments for a director that may impair his/her ability to discharge duties effectively.

- b. Each Director confirms his/her time commitment to the Board at the time of appointment. In addition, the Director shall notify the Chairman before accepting any new directorship or other professional commitment which includes an indication of time that will be spent on the new appointment.
- c. A director must fulfil the following minimum requirements at the time of his appointment and on a continuing basis:
  - i. A director must not be disqualified under section 68(1) of the IFSA, and must have been assessed by the BNRC to have complied with the fit and proper requirements
  - ii. A director must not be an active politician
  - iii. Where a firm has been appointed as the external auditor of AEONBANK, any of its officers directly involved in the engagement and any partner of the firm must not serve or be appointed as a director of AEONBANK until at least two years after:
    - He ceases to be an officer or partner of that firm; or
    - The firm last served as an auditor of AEONBANK

### **6.3 Term of Appointment**

- a. The appointed Director must acknowledge the terms of appointment including the roles and responsibilities of the Director (including as a Board Committee member, if the Director is appointed as a member of any Board Committee), the tenure of the appointment and the provisions for the Director's removal in the event that the Director no longer meets the requirements described in Fit and Proper Policy of AEONBANK or for other due cause.

### **6.4 Tenure of Directorship**

- a. The appointment of all Directors, and the tenure of appointment of each Director, are subject to the approval of BNM. AEONBANK may apply to BNM for an extension of tenure/renewal of the appointment of a Director whose approved tenure is about to expire, subject to the Board's annual performance evaluation on the said Director, consideration of the AEONBANK policy on tenure of service of Independent Directors (if applicable, as described below) and strategic considerations by the Board.  
*(Ref: Clause 67 of the Constitution)*
- b. The tenure of service of Independent Directors shall generally be for a maximum period of nine (9) years. However, upon completion of the nine

years, an Independent Director may, at the recommendation of the BNRC and the Board's approval, continue to serve the Board subject to the Director's re-designation as a Non-Independent Director or under exceptional circumstance or as part of transitional arrangements toward full implementation of the succession plans of AEONBANK.

- c. In the event that the affected Director is to remain designated as an Independent Director beyond the period of nine (9) years, the BNRC's recommendation and Board approval based on appropriate justification is required at AEONBANK's Board meeting. The considerations that should be contained in the justification are as follows:
  - The assessment performed to evaluate the independence of the said Independent Director;
  - The outcome of the assessment and the bases for arriving at that outcome;
  - A statement by the Board on the suitability of the Independent Director to perform his or her duties without being subjected to undue influence; and
  - Additional considerations such as possession of knowledge, skills, experience and commitment displayed by the said Independent Director.
- d. The BNRC shall undertake assessment of the independence of the Independent Directors prior to appointment, annually and as and when necessary.
- e. One-third of the Board members shall retire by rotation at every Annual General Meeting of AEONBANK, and shall be eligible for re-election by shareholders. Further, any Director appointed by the Board to fill a casual vacancy shall hold office only until the next Annual General Meeting, and be eligible for re-election.  
*(Ref: Clause 71 and Clause 75 of the Constitution)*

#### **6.5 Board Diversity, Mix of Skills and Core Competencies**

- a. Appointment of Directors on the Board and Board Committees (and appointment of Senior Management of AEONBANK) shall be based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

- b. The Board remains committed to ensuring that it has represented on it the skills, knowledge and experience needed to effectively steer AEONBANK forward. While not all Directors will possess each necessary skill, the Board as a whole must possess them.
- c. The Board members use their knowledge and skills to function well as team members and to interact with key stakeholders.
- d. The Board recognises that a diverse Board may offer greater depth and breadth and contribute towards constructive debates, which leads to better decisions. It enables the discussion of the same ideas in differing ways and equips AEONBANK to face challenges in an ever-changing environment in terms of technology, consumer preferences, business strategies and models as well as business risk environment.

#### **6.6 Director's Remuneration**

- a. AEONBANK shall provide a fair, reasonable and competitive remuneration for its Non-Executive Directors to ensure that AEONBANK attracts and retains high calibre Directors who have the skills, experience and knowledge to increase entity value to the benefit of all shareholders.
- b. The Non-Executive Directors will receive Directors' fee not linked to profit/turnover or performance of AEONBANK, but with consideration of role, responsibilities and time commitment to AEONBANK, inclusive of roles in Board Committees.
- c. The Board shall determine the remuneration of Non-Executive Directors taking into consideration the recommendations of the BNRC. No Directors shall take part in discussion and decision making on his/her own remuneration.
- d. The remuneration of each Director shall be approved by the Board annually.

#### **6.7 Board Effectiveness Assessment (BEA)**

- a. The BNRC shall review annually the effectiveness of the Board and Board Committee as well as the performance of individual Directors.
- b. The BEA process and questionnaire is implemented for evaluation of the performance of the Board, Board Committees and individual Directors.

- c. The evaluation takes place annually and involves Directors completing the BEA questionnaire, covering the Board and Board Committees process and, the effectiveness and contribution of each of the Directors to the Board and Board Committees.
- d. The Directors' responses are collated and a comprehensive outcome and recommendations will be submitted to the BNRC for deliberation, after which, the outcome and recommendations are escalated to the Board for further review actions taken and how it has or will influence Board composition.
- e. The deliberations of the BNRC on the findings of the BEA are duly minuted at the meetings of the BNRC and Board.
- f. The BEA exercise entails the Directors' feedback on areas which affect the performance of the Board which, among others, include the following:
  - Board structure, objective and conduct;
  - Interaction and communication with Management and Stakeholders;
  - Corporate Governance;
  - Sustainability; and
  - Accountability and Audit.
- g. The Board shall consider engagement of suitably qualified and competent experts/consultants to facilitate objective and candid Board evaluations for BEA.

#### **6.8 Directors Training and Development**

- a. Board members are encouraged to attend training programmes conducted by competent professionals and which are relevant to AEONBANK's operations and business, including new developments pertaining to the laws and regulations and changing commercial environment which may affect the Board and/or AEONBANK.
- b. The Board will assess the training needs of the Directors and ensure the Directors have access to continuing education programmes to facilitate the Directors in discharging their duties effectively. The details of training attended by the Directors shall be disclosed in the Integrated Annual Report.
- c. All Directors must continuously develop and strengthen their knowledge and understanding on Islamic finance, as well as keep abreast with developments that may impact AEONBANK's Islamic financial services' operations.



## **7.0 BOARD MEETINGS, COMMITTEE MEETINGS AND OTHER PROVISIONS**

### **7.1 Board Meetings**

#### **a. Call for Meetings and Proceedings**

- The Directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings as they think fit.
- Any Director may, whenever he thinks fit, and the Company Secretary at the request of a Director shall, call a meeting of the Board of Directors as provided in the Constitution of AEONBANK.

*(Ref: Clause 82(a) of the Constitution)*

- The Company Secretary is responsible to ensure minutes are recorded for all Board and Board Committee meetings, and the minutes duly confirmed by the Chairman of the meeting shall be reviewed and adopted at the subsequent meeting.

*(Ref: Clause 110 of the Constitution)*

#### **b. Notice of Meeting**

Unless otherwise determined by the Directors from time to time, seven (7) days' notice of all Directors' meetings shall be given to all Directors. Any Director may waive notice of any meeting either prospectively or retrospectively.

*(Ref: Clause 82(c) of the Constitution)*

#### **c. Quorum for Board Meeting**

The quorum required is for at least half of the Board members to be present, with the majority being Independent Directors. However, Board Meetings are only fixed on dates when all or a majority of Directors are able to attend.

*(Ref: Clause 82(b) of the Constitution)*

#### **d. Frequency of Meeting**

The Board shall meet at least five (5) times a year, including meetings held not later than two (2) months after the end of each financial quarter or at such other intervals as required, to facilitate effective discharge of its duties.

*(Ref: Clause 82(a) of the Constitution)*

#### **e. Attendance of Board Meeting**

- Individual Directors shall 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 Director's meeting on his behalf. The office of a Director shall become vacant if a Director is absent from more than 75% of the total Board Meetings held during a financial year.

- Directors may participate in a meeting of the Board or any Board Committee through teleconference, video conference, web-based communication, or such other communication facilities or technologies available from time to time in the future, subject to appropriate safeguards to preserve the confidentiality of deliberations.

*(Ref: Clause 86 of the Constitution)*

- The Company Secretary shall attend all Board and Board Committee meetings. Key Senior Management is invited to attend Board and Committee Meetings to provide inputs as and when necessary. Auditors, other professional advisors and consultants may also be invited to brief the Board on specific areas as required.

**f. Conflict of interest**

- Directors shall comply with the Companies Act 2016 section 219 and IFSA section 67 in connection with disclosure of shareholding and interests in AEONBANK and interest in any contract or proposed contract with AEONBANK. General notice given by a Director is tabled at the Board Meeting and the declarations made are recorded in the minutes of the Board Meeting, in line with Companies Act 2016.

*(Ref: Clause 73 of the Constitution)*

- Should there be an actual, potential or perceived conflict of interest between AEONBANK and a Director, or a person connected to the Director such as spouse, other family member, or a related company (as defined under Section 197(1) of the Companies Act 2016), the Director involved shall make the disclosure by way of a written notice to the Board and the Company Secretary and make full disclosure and act honestly in the best interest of AEONBANK:
  - A Director shall immediately inform the BAC in respect of his direct and indirect interests in any businesses or corporations which carry on similar trade as that of AEONBANK; and
  - Every Director shall comply with provisions of section 67 of the IFSA and sections 219 and 221 of the Companies Act 2016 in connection with the disclosure of his/her shareholding and interests in AEONBANK and his/her interest in any contract or proposed contract with AEONBANK and in connection with the disclosure, every Director shall state the fact and the nature, character and extent of any office or possession of any property whereby whether

directly or indirectly duties or interests might be created in conflict with his/her duty or interest as a Director of AEONBANK.

- Any interested Director shall abstain from deliberation and voting on the resolution(s) related to the subject matter or transaction(s).  
*(Ref: Clause 74 of the Constitution)*
- Internal policies and procedures are in place to address potential conflict of interest situations in areas such as Related Party Transactions.

**g. Voting and decision making**

- Any question arising at a Board Meeting is decided by a majority of votes after due discussion and deliberation, and in case of an equality of votes, the Chairman has a second and casting vote subject to AEONBANK's Constitution.  
*(Ref: Clause 81 and Clause 83 of the Constitution)*
- A Director is required to abstain from deliberations and voting in respect of any contract or proposed contract or arrangement in which he/she has direct or indirect interest.  
*(Ref: Clause 74 of the Constitution)*
- The Chairman and the Board may, if deemed necessary and appropriate, request an interested Director to excuse himself/herself in the deliberation.
- Where appropriate, decisions are also made by way of circular resolutions in between scheduled meetings. Such resolutions are signed by a majority of the Directors and valid as if the relevant resolution was passed at a Board Meeting duly called and constituted.  
*(Ref: Clause 85 of the Constitution)*

**h. Right of Directors to access information and advice**

- Management shall provide the Board and Board Committees with information in a form, within acceptable time frame and quality that enables them to discharge their duties and responsibilities effectively. Board papers are generally circulated to Directors five (5) business days prior to the date of the Board Meeting to allow the Directors sufficient time to review the papers and issues arising.
- Directors are entitled to request and receive additional information they consider necessary in order to make informed decision, including the following:
  - Obtaining full and unrestricted access to any information pertaining to AEONBANK;
  - Obtaining full and unrestricted access to the advice and services of the Company Secretary; and

- Obtaining professional independent advice, with the Chairman's prior written consent, at AEONBANK's expense. The Director should provide notice to the Company Secretary of the intention to seek independent advice and shall provide the name(s) of the professional advisors proposed to be engaged, together with a brief summary of the subject matter on which professional advice is being sought. In the event that one or more Directors seek to appoint one or more advisors on the same or similar matter(s), the Chairman shall initiate discussions to reach consensus on the advisor to be engaged.
- The Board and the Board Risk and Compliance Committee shall be entitled to request and obtain independent third party views or information on risk implications as appropriate before coming to any conclusion or making any significant policy decisions. This should serve to promote informed and robust decision-making by the Board in a manner that complements and adds value to the work of senior management.

## **7.2 Committee Meetings**

Sufficient meetings of the Board Committees shall be held to deliberate on matters under the purview of the respective Committee.

## **7.3 Company Secretary**

- a. The Board shall appoint one or more suitably qualified and competent person(s) as the Company Secretary or joint Company Secretaries in line with the requirements of the Companies Act 2016.  
*(Ref: Clause 99 of the Constitution)*
- b. The Company Secretary must not have competing time commitments that may impair his/her ability to discharge duties effectively.
- c. The Company Secretary shall report directly to the Board. The appointment and removal of the Company Secretary is subject to the approval of the Board.
- d. The key role of the Company Secretary is to provide unhindered advice and services to the Directors, as and when the need arises, to enhance the effective functioning of the Board and to ensure regulatory compliance.
- e. The Board shall conduct an annual assessment on the performance of the Company Secretary.

**7.4 Financial Reporting**

- a. The Board of Directors is responsible to ensure that interim financial reports and financial statements are prepared for every quarter and year (or other financial period, if applicable) respectively, in accordance with the applicable financial reporting standards and regulatory requirements so as to give a true and fair view of the state of affairs as at the reporting date, the financial performance and cash flows of AEONBANK for the financial period then ended.

*(Ref: Clause 111 of the Constitution)*

- b. Additionally, it is the Board's responsibility to ensure that the financial statements are prepared on a going concern basis and appropriate accounting policies are applied consistently and are supported by reasonable and prudent judgments and estimates.

**7.5 Managing Proper Records and Accounts**

- a. The Board of Directors shall ensure that AEONBANK keeps proper accounting and other records to:
  - Sufficiently explain the business, transactions and financial position of AEONBANK.
  - Enable the preparation of true and fair financial statements; and
  - Enable the accounting and other records of AEONBANK to be conveniently and properly audited.

*(Ref: Clause 111 of the Constitution)*

- b. AEONBANK shall retain all records referred to in paragraph (a) above for not less than seven (7) years from the completion of the transactions or operations to which the entries or record relate.

\*\*\*\* END \*\*\*

*(Effective date: 21 October 2025)*