
MARC

BOARD CHARTER

Version 4.0

1. Introduction

This charter sets out the role and responsibilities of the Company's Board of Directors ("Board") and details the manner in which the Board operates. The Board is responsible to stakeholders for the leadership and direction for Malaysian Rating Corporation Berhad ("MARC" or "the Company"). It is also accountable for MARC's overall corporate governance and, in conjunction with management, the Company's overall business performance.

2. Board's Philosophy

The Board believes that strong corporate governance is essential for delivering sustainable value, enhancing business integrity and maintaining stakeholders' confidence towards achieving MARC's corporate objectives and vision.

3. Purpose

The purpose of the Board is to promote the highest standards of corporate governance within the Company and; responsible for the stewardship and success of the Company by collectively directing the Company's affairs whilst representing the interest of the Company's stakeholders.

The Board is to establish a clear set of policies and long-term goals for MARC which govern its future direction, whereby the Management is accountable for the implementation.

4. Role and Responsibilities of the Board

4.1 Role

The role of the Board is to organise and direct the affairs of the Company in a manner that seeks to maximise the value of the Company, while complying with relevant regulatory requirements, the Company's Code of Conduct, and relevant corporate governance standards.

The Board shall provide central leadership to the Company, establish its objectives and develop the strategies that direct the ongoing activities of the Company

4.2 Responsibilities

The Board takes collective responsibility for:

- 4.2.1 determining the Company's objectives and strategy;
- 4.2.2 ensuring that the necessary corporate and management structures are in place to allow the Company to achieve its objectives;
- 4.2.3 determining the policies applicable to the Company as set out in the Schedule of Matters Reserved for the Board;
- 4.2.4 providing risk oversight of material business risks and satisfying itself that management has developed and implemented a sound system of risk management and internal control, reporting systems and compliance frameworks and that they are operating effectively.

- 4.2.5 monitoring progress by the Company towards the achievement of its objectives and compliance by the Company with approved plans and policies;

- 4.2.6 ensuring a fair, balanced reporting to the relevant stakeholders of MARC's position and prospects;
- 4.2.7 appointing Board Committees with the appropriate balance of skills, experience, independence and knowledge to meet the Company's requirements and relevant corporate governance standards;
- 4.2.8 delegating clearly defined responsibilities and authorities to the Chairman, the Group Chief Executive Officer (GCEO), Board Committees and otherwise as the Board may determine from time to time;
- 4.2.9 formally reviewing its own effectiveness as well as the effectiveness of its Committees and individual directors.

Specific responsibilities of the Board are set out in the Schedule of Matters Reserved for the Board.

The Board shall delegate to the GCEO, the authority and power to manage the Company and its businesses within levels of authority specified by the Board from time to time. The GCEO may delegate aspects of his authority and power but remains accountable to the Board for the Company's performance. The GCEO must, however, refer to the Board matters that are sensitive, extraordinary or of a strategic nature.

4.3 The Chairman's Responsibilities

The Chairman's responsibilities include:

- 4.3.1 leadership and effective performance of the Board;
- 4.3.2 setting the agenda for Board meetings, in conjunction with the GCEO and Company Secretary;
- 4.3.3 overseeing the provision of accurate, timely and clear information to the Board by management;
- 4.3.4 arranging regular evaluation of the performance of the Board and its Committees and of individual Directors;
- 4.3.5 ensuring that Directors have adequate opportunity to contribute, and seeking to have relations between them and management, particularly the GCEO, that are open, cordial and conducive to productive cooperation; and
- 4.3.6 establishing a protocol to take effect on occasions when the Chairman is absent from meetings of the Board.

4.4 Company Secretary's Responsibilities

The Company Secretary is responsible for ensuring that Board procedures are complied with and that governance matters are addressed. Particular responsibilities include:

- 4.4.1 ensuring that the Board agenda is developed in a timely and effective manner for review and approval by the Chairman;
- 4.4.2 ensuring, in conjunction with the GCEO, that Board papers are developed and distributed in a timely and effective manner;
- 4.4.3 coordinating, organising and attending meetings of the Board and shareholders, and ensuring that correct procedures are followed;
- 4.4.4 drafting and maintaining minutes of Board and shareholder meetings;

- 4.4.5 in conjunction with the GCEO and other senior management, carrying out the instructions of the Board and giving practical effect to the Board's decisions;
- 4.4.6 meeting statutory reporting requirements in accordance with relevant legislation;
- 4.4.7 working with the Chairman and the GCEO to establish and deliver best practice corporate governance.

5. Board Composition

- 5.1 The number of Directors shall not be less than two (2) or more than fifteen (15).
- 5.2 The majority of Board members should be independent non-executive directors as defined in MARC's Director Nomination Policy. As well as their other attributes, the several members of the Board should possess amongst them a range of qualifications, experience, skills and expertise considered of benefit to the Company, including relevant operational experience at a senior level.
- 5.3 The directors should appoint as Chairman of the Board one of the independent non-executive directors.
- 5.4 Board composition should be reviewed every three (3) years by the Board to ensure that the non-executive directors between them bring the range of skills, knowledge and experience necessary to direct the Company going forward. In addition, the Board should consider the individual performances of those Directors presenting themselves for re-appointment and determine whether or not the Board should support the Director's re-appointment.
- 5.5 A former non-independent non-executive Director (NINED) is not eligible for appointment as an independent non-executive Director (INED) until a two-year cooling period has elapsed after ceasing to be a NINED unless the cooling off period is waived by the Board.

6. Meetings

- 6.1 The Board should hold scheduled meetings at least four (4) times each year. The Board may at any time, and the Company Secretary must on the request of the Chairman (or after the Director has first consulted with the Chairman, or any Director) convene an unscheduled meeting of the Board. The Company Secretary will issue notices of meetings not less than seven (7) calendar days prior to any meeting.
- 6.2 Urgent decisions, where it is not practical to convene a meeting, may be made by resolution circulated in writing, in accordance with the Company's Constitution.
- 6.3 A quorum is three (3) members of the Board.
- 6.4 In the absence of the Chairman of the Board, the remaining members present shall elect one of themselves to chair the meeting.
- 6.5 In the event of equality of votes on any issue, the Chairman shall have a casting vote.

- 6.6 Board papers should be provided to Directors in advance of scheduled meetings to permit adequate preparation. The Company Secretary will provide Board papers no less than five (5) calendar days prior to any meeting unless in avoidable circumstances where the 5 calendar days cannot be met.
- 6.7 Board agendas should be concurred by the Chairman in conjunction with the GCEO and Company Secretary and should allow for a discussion period by Non-Executive Directors in the absence of management.
- 6.8 Board meeting may be held and resolutions passed by telephone conference, video conference, other electronic communication device etc. and in accordance with Clause 25.1.1 of the Company's Constitution.

7. Board Committees

7.1 Board May Establish Board Committees

The Board may from time to time establish permanent and ad hoc committees to assist it in carrying out its duties and responsibilities. For each Board Committee the Board should adopt a Terms of Reference setting out its role, composition, powers, responsibilities, structure, resources and administration, and any other relevant matters. The Chairman and the members of any Board Committee will be appointed by the Board.

7.2 Minimum Board Committees

The Board shall delegate certain functions to the Board Committees to assist in the execution of its responsibilities, adopting Term of Reference setting out matters relevant to the composition, responsibilities and administration of those Committees. At minimum, MARC shall establish the following Board Committees:

- (i) an Audit and Risk Committee ("ARC"); and
- (ii) a Nomination and Remuneration Committee ("NRC").

7.3 Board to Carry Out Board Committee Roles as Necessary

The functions of the Board Committees in 7.2 will be performed by the Board, as and when necessary. The requirements for these Board Committees will be reviewed every three (3) years based on the size, composition and structure of the Board.

7.4 Board Committee Powers

Any decision-making power delegated to a Board Committee must be specified and approved by the Board. All policy decisions should be matters reserved for the Board.

7.5 Board Committee Meeting Agendas

The agenda for a Board Committee meeting should be agreed upon by its Chairman, with the Company Secretary, sufficiently in advance of scheduled meetings.

8. Remuneration of Directors

- 8.1 Directors shall be paid by way of remuneration for their services rendered. The fees payable to the Directors shall be such fixed sum as shall from time to time be determined by an ordinary resolution of the Company in a general meeting.
- 8.2 The Directors may also be entitled to benefits such as meeting allowances, medical coverage and life insurances. Such benefits shall be approved by the Board unless approval at a general meeting is required.
- 8.3 The NRC shall review, at least once in every two (2) years the remuneration packages of Non-Executive Directors including that of the non-executive Chairman and shall then give their recommendation to the Board for the Board's decision.

9. Board Renewal, Performance Evaluation and Charter Review

- 9.1 The Board shall establish guidelines regarding Board renewal and succession planning, and for assessing the performance of the Board with the aim of maintaining a proactive and effective Board.
- 9.2 The guidelines shall set out a framework for the annual performance review of the Board, each non-executive director, and each Board Committee referred to in Section 7.2.
- 9.3 The Board shall review this Charter at least once in every three (3) years.