



BOARD CHARTER

EFFECTIVE DATE: 31 JANUARY 2023

A. GLOSSARY

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| Board | : | Board of Directors of FIMM |
| Charter | : | FIMM Board Charter |
| Committee | : | Board Committee |
| CEO | : | Chief Executive Officer of FIMM |
| Chairman | : | Chairman of the Board of FIMM |
| FIMM | : | Federation of Investment Managers Malaysia |
| Member | : | A corporation or an organisation registered as a member in the Register of Members of FIMM |
| Non-PIDs | : | Non-Public Interest Directors of FIMM |
| PIDs | : | Public Interest Directors of FIMM |
| Registered Persons | : | Persons registered with FIMM as provided under Section 76(1)(c) of the Capital Markets and Services Act 2007 |
| SC | : | Securities Commission Malaysia |
| SRO | : | Self-Regulatory Organisation |

B. INTERPRETATION

1. Expressions referred to writing shall, unless the contrary intention appears, be construed as including references to printing, lithography, photography, and other modes of representing or reproducing words in a visible form.
 2. Words importing the singular number shall include the plural number, and vice versa.
 3. Words importing the masculine gender shall include the feminine and neuter genders.
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C. INTRODUCTION

This Charter is a statement of intent and aspiration of Board members on their role to make FIMM a dynamic, credible and responsible SRO. The Charter acts as a general guide to Board members on their roles, responsibilities and authorities collectively and individually and outlines the standards of corporate governance each Board member is committed to observe in discharging his duties and responsibilities.

Where necessary and for the purpose of clarity, this Charter sets out in detail how the Board and the management interact and carry out their respective functions, in view of their different roles and responsibilities vis-à-vis each other and vis-à-vis FIMM.

However, no Charter can offer a complete guide to cover all situations and Board members acknowledge that they must exercise judgement in applying the principles embodied in the Charter to any particular situation. The provisions of this Charter are in addition to, and not in substitution for, any obligation imposed upon a Board member by law or regulations. Compliance with the Charter will not relieve a Board member from any such obligations.

1. GOVERNING PRINCIPLES

- 1.1 The Board shall be governed by the following principles when making decisions for FIMM:
- (i) Fairness & objectivity;
 - (ii) Relevance & open-mindedness;
 - (iii) Growth & development;
 - (iv) Cohesion & coherence; and
 - (v) Integrity & accountability.

2. BOARD COMPOSITION

- 2.1 The Board shall comprise not less than two (2) and not more than fifteen (15) Directors.
- 2.2 The Board shall at all times comprise the following Directors:
- (a) at least forty-five percent (45%) or a maximum of seven (7) Directors of the Board members shall be PIDs who are appointed by the SC; and
 - (b) a maximum of eight (8) non-PIDs who are elected or re-elected from amongst the Authorised Representatives by the Members at general meetings.
- 2.3 The nomination of any non-PID for election or re-election at the general meeting requires prior approval of the SC.

3. ROLE OF THE BOARD

- 3.1 The Board is the focal point of FIMM's corporate governance system and practices, and has the final responsibility for the successful operation of FIMM. In general, it is responsible for and has the authority to determine all matters relating to the policies, practices, management, and operations of FIMM. Board members must act with integrity, lead by example, keep apprised of his responsibilities as a director as well as the conduct, business activities and development of FIMM.
- 3.2 The primary responsibilities of the Board are to:
- (a) provide leadership that supports the orderly development and the interests of those engaged in the investment management industry of Malaysia;
 - (b) set policies, strategies and directions for FIMM to carry out its functions as an SRO effectively and efficiently, in particular, by:

- (i) formulating strategies that serve to develop and advance the investment management industry of Malaysia; and
 - (ii) enhancing existing rules and introducing new rules and measures to encourage and raise good conduct, ethics and standards of practice amongst Members, Registered Persons and their employees;
- (c) govern FIMM towards achieving the objects set out in its Constitution by:
 - (i) putting in place good values, ethics and professional standards that support a culture of integrity and high performance for the management and staff; and
 - (ii) ensuring the embracement of good values, ethics and professional standards by the management and staff through the development of codes of conduct, policies and procedures;
- (d) provide independent oversight on FIMM's activities as an SRO to ensure it protects public interest, in particular, that of the investors, and to immediately report to the SC on any adverse findings affecting public interest and investor protection;
- (e) identify key risks, establish policies and processes on risk oversight and risk management;
- (f) oversee the activities of Committees set up for specific purposes by reviewing their recommendations and actions;
- (g) oversee the activities of the management in particular the CEO by providing regular, honest and rigorous performance feedback to the CEO on his and the management's achievements generally;
- (h) ensure FIMM has sufficient financial, human and other essential resources, including orderly succession planning to run its operations and discharge its responsibilities;
- (i) ensure FIMM upholds and observes securities laws, rules and regulations, other laws, rules and regulations relevant to its operations and continued existence as an SRO;
- (j) ensure FIMM has in place procedures to enable effective communication with all stakeholders; and
- (k) ensure the integrity of FIMM's financial and non-financial reporting.

4. ROLE OF INDIVIDUAL BOARD MEMBER

- 4.1 Each and every Board member stands in a fiduciary relationship with FIMM and will exercise his powers for a proper purpose and in good faith in the best interest of FIMM.
- 4.2 Besides his own knowledge, skill and experience, a Board member shall acquire additional knowledge, skills and experience relevant to the investment management industry necessary to fully discharge his roles and responsibilities as an effective Board member of FIMM.
- 4.3 In addition to paragraphs 4.1 and 4.2 above, Board members shall observe the following when discharging their responsibilities:
- (i) be forthright during Board meetings;
 - (ii) acquire relevant information through proper requests before the start of meetings;
 - (iii) raise issues and questions to fully canvass all aspects of issues confronting FIMM;
 - (iv) cast votes and make decisions independently;
 - (v) respect and be considerate of fellow Board members, stakeholders, management and staff;
 - (vi) keep confidential all meetings, discussion and deliberations of the Board and Committees;
 - (vii) allocate time to attend annual general meetings, Board meetings, Committee meetings and other important meetings and events of FIMM;
 - (viii) be mindful of and avoid conflicts of interests of any nature involving FIMM, in particular:
 - (a) conflicts that potentially could gain benefit for himself and/or for any other person or entity through the use of information that comes into his space by virtue of his position as a Board member of FIMM; or
 - (b) any other conflicts that potentially may arise from the use of his position as such member of the Board in any manner;
 - (ix) disclose to the Board actual and potential conflicts of interest situations between his interests and the interests of any other parties related to him directly or indirectly.

Thus disclosed, such Board member will abide and act according to the decision of the Board after the Board determines whether or not a potential conflict of interest situation has indeed arisen, including whether the continuous presence of such Board member in the meeting is desirable in the best interest of FIMM; and

- (x) raise with the Chairman first, any perceived breach of this Charter (other than perceived breach involving the Chairman of the Board). If the perceived breach involves the Chairman, the said breach shall be referred to the Chair of the Audit & Risk Committee, and for the Audit & Risk Committee to decide on the appropriate course of action.

Upon being so informed by the said Board member of the perceived breach, the Chairman shall take appropriate action to address the perceived breach, including raising the matter to the Board for solution, and maintain anonymity of the said Board member, if so desired by the latter.

- 4.4 A Board member may raise any matter(s) during a Board meeting. If such matter is deemed substantive in nature and cannot be fully discussed and/or resolved in the same meeting, the Chairman and/or any Board member may propose an adjournment and bring forward the matter as a special meeting agenda for further discussion within a reasonable timeframe from the prevailing meeting, subject to the Board's concurrence.

5. ADDITIONAL ROLE OF THE PIDs

- 5.1 The primary role of the PIDs is to provide independent judgment, diverse experience and objectivity to the Board's deliberations and decision-making process.
- 5.2 In addition to paragraph 4 above, the PIDs help to ensure that the interest of all stakeholders, in particular the investors, and not only a particular faction or group of the industry, are taken into account by the Board in all deliberations and decisions, and that all relevant issues are subjected to objective and impartial considerations by the Board.

6. SEPERATION OF ROLES OF THE CHAIRMAN & CEO

- 6.1 The positions of Chairman and CEO shall be held by different individuals to ensure a clear division of responsibilities and authority, such that no one individual has autonomous power in decision-making.

7. ROLE OF THE CHAIRMAN

- 7.1 The Chairman shall be appointed by the SC from among the PIDs, and is subject to the terms and conditions of his appointment.
- 7.2 The Chairman's role is to provide leadership to the Board and ensure effective performance of the Board as a whole. The Chairman is also responsible for raising standards of professionalism for the development as well as the management of the Board.
- 7.3 The Chairman will act as facilitator at Board meetings to ensure no one member dominates a discussion, and that discussions at Board meetings result in logical and understandable outcomes.
- 7.4 Should the Chairman be absent from a Board meeting, Board members present at the meeting may choose one amongst the PIDs present to chair the said meeting.
- 7.5 In managing the Board, the primary responsibilities of the Chairman are to:
- (i) lead the Board in setting the values and standard of FIMM;
 - (ii) chair all Board meetings and lead discussions among Board members;
 - (iii) maintain a relationship of trust with and between the management and the Board;
 - (iv) facilitate the flow of information between the management and the Board;
 - (v) ensure effective communication with stakeholders;
 - (vi) arrange for regular evaluation of performance of the Board, its Committees and individual Board members;
 - (vii) facilitate the effective contribution of PIDs and ensuring constructive relationship is maintained between the PIDs and non-PIDs;
 - (viii) set the agenda of Board meetings;
 - (ix) develop governance structure, inculcate a culture of integrity and high performance in the Board to ensure the smooth functioning of the Board;
 - (x) ensure avenues are provided for all Board members to participate openly especially in the discussion and debates of strategic and critical issues affecting FIMM's development and progress as an SRO; and
 - (xi) chair general meetings of FIMM and in case of equality of votes, shall be entitled to a casting vote.

8. ROLE OF THE CEO

- 8.1 Subject to such criteria as the SC may specify and at their prior approval, the Board shall appoint FIMM's CEO upon such terms and conditions as the Board sees fit.
- 8.2 The CEO's role is to head and lead the development and implementation of FIMM's strategies and plans. The CEO is responsible to the Board and Committees. He is ultimately responsible for the day-to-day management of FIMM. For public communication, the CEO will communicate on behalf of FIMM to all Members, Registered Persons, regulators, Government authorities, other stakeholders, and the public.
- 8.3 The Board's decisions, where deemed relevant, are delegated through the CEO and this will be considered as the CEO's authority and accountability as far as the Board is concerned.
- 8.4 The CEO's performance objectives will be structured into measurable organisational achievements against defined targets (i.e., Key Performance Indicator or KPI) as agreed by the Board.
- 8.5 In managing FIMM, the primary responsibilities of the CEO are to:
- (i) lead, in conjunction with the Board, the development of FIMM's strategies;
 - (ii) lead and implement FIMM's plans in accordance with its strategies;
 - (iii) drive FIMM to achieve its performance targets set by the Board;
 - (iv) report to the Board on the general state of affairs of FIMM and other important items at each Board meeting;
 - (v) ensure FIMM is appropriately structured, organised and staffed to achieve its objectives and strategies;
 - (vi) ensure FIMM's expenditures are within the authorised budget;
 - (vii) assess the risks of FIMM and to ensure these risks are monitored and managed appropriately;
 - (viii) put in place effective internal controls and information management systems;
 - (ix) put in place other appropriate systems and processes to enable FIMM to carry out its activities lawfully, ethically, effectively and efficiently;
 - (x) ensure Board members are properly informed and sufficient information are provided to the Board for optimal decision-making;

- (xi) in consultation with the Chairman and Chairmen of the respective Committees, develop agendas of meetings and to ensure that relevant papers are included to support the agendas;
- (xii) in consultation with the Chairman, propose for special meetings of the Board to be held when appropriate;
- (xiii) in consultation with the Chairman, propose the agendas for all general meetings and related matters;
- (xiv) provide leadership to the management and develop capability of staff, including putting in place successions plans for senior management positions;
- (xv) provide adequate training and positive conditions for the motivation and effective contribution of staff; and
- (xvi) encourage all staff to conduct activities in accordance with applicable laws and FIMM's internal policies and standards.

9. IMPROVING BOARD PROCESSES AND EFFECTIVENESS

9.1 Board Meetings

- (a) The Board will hold meetings at least once every quarter to facilitate the discharge of its responsibilities.
- (b) The quorum necessary for the transaction of the business of the Board shall be five (5) members of the Board, with at least one (1) PID or more, as may be determined by the Board from time to time.
- (c) Members of the Board are required to attend at least seventy five percent (75%) of the Board and Committee meetings held in each calendar year. Any Board member who is absent from three (3) consecutive meetings without prior leave of the Board and/or respective Committee may be removed from the Board.
- (d) The Board shall adopt a twelve-month calendar that contains the scheduled Board and Committee meetings.
- (e) The management is responsible for providing the Board with required information in an appropriate and timely manner. The Chairman, assisted by the CEO, shall assess the types of information required to be provided to the Board. If the information provided by the management is insufficient, the Board shall make further enquiries where necessary to which the management/staff responsible shall respond as fully and promptly as possible.

- (f) A full agenda and comprehensive Board papers must be circulated to all Board members at least three (3) business days in advance of each Board or Committee meeting.
- (g) Each member of the Board/Committee is entitled to one (1) vote in deciding the matters deliberated in the meeting. The decision with the majority votes shall be the decision of the Board/Committee. In the event of an equality of votes, the Chairman of the Board/Committee shall have a casting vote.
- (h) Other than a physical meeting, Board members may participate in a meeting conducted via a fully virtual or hybrid setting using any suitable electronic telecommunication platform and/or device. For this purpose, Board members shall at all times take all necessary precautions to strictly maintain confidentiality of information.
- (i) The Board shall have access to all information pertaining to FIMM in a timely manner for the discharge of its duties effectively.
- (j) At Board meetings, the management presents the papers and consultants/subject matter experts may be invited to provide further insight.
- (k) Board members should ensure that the minutes of meetings accurately reflect the deliberations and decisions of the Board, including notation on any director who abstains from voting or deliberating on a particular matter. Upon conclusion of the meeting, the minutes shall be circulated in a timely manner.
- (l) Any director who has a direct or deemed interest in the subject matter to be deliberated should abstain from deliberation and voting on the same during the meeting.

9.2 Board Committees

- (a) The Board may discharge any of its responsibilities through Committees appointed from amongst its members, subject to the applicable laws and/or guidelines.
- (b) The Board has established the following committees:
 - (i) Appeal Committee
 - (ii) Audit & Risk Committee
 - (iii) Disciplinary Committee
 - (iv) Industry Development Committee
 - (v) Nomination & Remuneration Committee
 - (vi) Regulatory Committee
 - (vii) Private Retirement Scheme Sub-Committee

- (c) The Board shall appoint the Chair and members of the Committees, and shall approve appropriate terms of reference for the Committees.
- (d) Reporting obligations:
 - (i) While some Board functions are handled through the Committees, the Board however, as a whole is responsible for determining the extent of powers residing in each Committee through clearly defined terms of reference, which may be reviewed by the Board as and when the need arises.
 - (ii) The Committees will report to the Board on their deliberations, findings and recommendations and the Board is ultimately responsible for accepting, modifying and/or rejecting the Committees' recommendations.
 - (iii) For the avoidance of doubt and notwithstanding the provisions of the terms of reference of the respective Committees, no Committees may implement or carry out any decision or deliberation on matters concerning policies, regulations, fees and such matters as may be required by the SC, unless approved by the Board.
 - (iv) Committees, with the concurrence of the Board, may invite such other persons to attend their meetings in order to bring in additional skills, experience or networks. Such invitees carry no voting rights.
 - (v) The secretariat of each Committee is to submit a report incorporating salient points of all decisions and/or actions of the Committee for the next Board meeting together with minutes of relevant Committee meetings.
 - (vi) While 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 for its approval and/or notation.
 - (vii) Important issues as well as challenges faced by the Committees shall be reported to the Board for guidance and directions.
 - (viii) The Board remains collectively responsible for the decisions of any Committee and shall review the effectiveness and performance of the Committees from time to time.
 - (ix) The Board may establish ad-hoc Committees from time to time to ensure the effective discharge of its duties.

9.3 Board Performance Evaluation

- (a) The performance evaluation of the Board, its Committees and individual Board members will be conducted annually in the first quarter of the year for the previous year's performance.
- (b) The performance evaluation shall be completed by Board members who have served at least nine (9) months until the end of the assessment year.
- (c) The performance evaluation will consist of the following:
 - (i) a self-evaluation and peer appraisal; and
 - (ii) collation of the self-evaluation and peer appraisal by FIMM's company secretary to ensure impartiality and confidentiality of the appraisal process.
- (d) The collated report by the company secretary shall be submitted to the Board for their notation.

10. APPLICATION & REVIEW OF BOARD CHARTER

10.1 The principles set out in this Charter are:

- (a) kept under review and updated as corporate governance practices develop and further guidelines on corporate governance are issued by the relevant regulatory authorities;
- (b) applied in practice having regard to the spirit (aim and purpose) rather than to the letter of the principles; and
- (c) summarised in FIMM's Annual Report.

10.2 This Charter is available on FIMM's website at: <https://www.fimm.com.my/>