

MCB CAPITAL MARKETS LTD

BOARD CHARTER

1.Introduction	3
2.Objectives	3
3.Composition	3
4.Appointment, Evaluation and Remuneration of the Board / Committee Members	3
5.Meetings	4
6.Role and responsibilities	4
6.1 Strategy.....	4
6.2 Control and Risk.....	4
6.3 Financials.....	5
6.4 Interests of Shareholder and Other Stakeholders.....	5
7.Role and function of the Chairperson.....	6
8.Role of Executive, Non–Executive and Independent Directors	8
9.Role of Company Secretary.....	8
10. Board Committees.....	10
11. Other Provisions.....	10



1. Introduction

The Board of Directors Charter sets out the objectives, roles and responsibilities, authority and composition of the Board. This Charter should be read in conjunction with the Company's Constitution and in case a dispute in content or meaning arises, the wording of the Constitution prevails.

2. Objectives

The objective of the Board is to define the Company's purpose, strategy and value and determine all matters relating to the directions, policies, practices, management and operations of the company and all its subsidiaries. The board should thereafter ensure that the company and its subsidiaries are being managed in accordance with the directions and delegations of the Board.

3. Composition

- 3.1 The Board shall consist of a minimum of four and a maximum of eight directors.
- 3.2 The aspiration is that the Board comprises executive (if applicable), non-executive and independent directors.
- 3.3 The Chairperson of the Board may be independent or non-executive.
- 3.4 Board members should be qualified for their positions, have a clear understanding of their role and be able to exercise sound judgement about the affairs of the Company. Board composition is reviewed systematically to ensure that non-executive directors between them bring the range of skills, knowledge and experience necessary to direct the Company going forward.

4. Appointment, Evaluation and Remuneration of the Board / Committee Members

- 4.1 The appointment process is carried out in collaboration with the Remuneration, Corporate Governance, Ethics and Sustainability Committee (RCGESC) of MCB Group Limited, its ultimate holding company.
- 4.2 The Board must have a formal and transparent policy in respect of directors' remuneration. Currently the same policies applicable to the ultimate holding Company, MCB Group Limited, are followed.
- 4.3 The effectiveness of the Board and the Committees as a whole shall be regularly reviewed and assessed as well as the performance of individual directors.

5. Meetings

- 5.1 The Board must determine the frequency of the Board meetings, which should be at least once per quarter.
- 5.2 Quorum for Board Meetings shall be an amount equal to half of the number of directors appointed in office at that time with such amount being rounded up to the next whole figure whenever such amount yields a fraction.
- 5.3 Meetings are convened, wherever possible, so that directors are able to attend and participate in person. Where personal attendance by some or all directors is not possible, meetings are convened and conducted so as to facilitate participation by audioconference and/or videoconference.

6. Role and responsibilities

The Board is ultimately responsible for the affairs of the company and to provide effective corporate governance. The delegation of authority to any committee does not discharge the responsibility of the Board in respect of the actions and decisions of the committee.

6.1 Strategy

- 6.1.1 The Board should approve the strategic objectives, policies and corporate values and, should ensure that they are communicated throughout the organisation and the group.
- 6.1.2 The Board must retain full and effective control over the company and its capital resources and is responsible for monitoring management in respect of implementation of Board plans and strategies.
- 6.1.3 The Board should exercise leadership, enterprise, intellectual honesty, integrity and judgement in directing the company/group so as to achieve sustainable prosperity for the company/group.

6.2 Control and Risk

- 6.2.1 The Board, where relevant, is responsible for setting principal policies in respect of risk and conduct of business for the company. The Board must regularly monitor that management is running the business in accordance with such policies.
- 6.2.2 The Board should ensure that clear lines of responsibility and accountability exist and are enforced throughout the organisation.

- 6.2.3 The Board should ensure that there is appropriate oversight by management consistent with Board policy.
- 6.2.4 The Board should ensure that procedures and practices are in place that protects the Company's assets and reputation. It should therefore review processes and procedures on a regular basis to ensure the effectiveness of the Group's internal control systems.
- 6.2.5 The Board has the duty of ensuring that the company complies with all the relevant laws, regulations and codes of business practice.
- 6.2.6 The Board shall on a reasonable basis satisfy itself that appropriate audit arrangements are in place and operating effectively.

6.3 Financials

The Board is responsible for:

- 6.3.1 Approval of the annual statutory financial statements ensuring that they have been prepared using the appropriate accounting policies and standards and fairly present the state of affairs of the Company and any other information for disclosure to the market.
- 6.3.2 Approval of major capital expenditures, major contracts, acquisitions and divestments.
- 6.3.3 Declaration of dividends when appropriate and determining the amount of dividend to be declared.
- 6.3.4 Approval of the budget at least annually.

6.4 Interests of Shareholder and Other Stakeholders

- 6.4.1 The Board must keep the shareholder informed of material events affecting the company and ensure that the company is governed in a transparent manner.
- 6.4.2 When carrying out its roles the Board should consider:
 - the primary objective of the Company which is to continue to build sustainable value for its shareholder.
 - the expectations of its shareholder, other stakeholders and the community, that directors will undertake their responsibilities with honesty, integrity, care and diligence, in accordance with the law and in a manner which reflects the highest standards of corporate governance.

7. Role and function of the Chairperson

7.1 Election

The Chairperson is elected by his or her fellow directors and shall be a non-executive or independent director.

7.2 Duties

He/she should be a firm, objective and open-minded leader, assuming his/her role by bringing independence of mind and intellectual honesty. Apart from being fully conversant with the key networks of the organisation and have sound knowledge of the activities of the organisation, the Chairperson is expected to be impartial and objective so as to support or take the right decisions concerning the organisation.

7.3 Responsibilities

The main responsibilities of the Chairperson can be summarised under the following areas:

7.3.1 Strategy and Management of the Company:

- To ensure that the Board is effective in its tasks of setting and implementing the company's direction and strategy.
- To bring out the best in each director and encourage the directors to voice their views.
- To ensure that the decisions of the Board are executed

7.3.2 Leadership

- To provide overall leadership to the Board, be impartial and resolve differences in the most constructive way, whilst encouraging and ensuring the active participation of all directors in discussions and Board matters.
- To participate in the selection of the Board members whilst ensuring that the Board has an appropriate mix of competencies, experience, skill and independence.

7.3.3 Presiding and conducting meetings effectively

- To set the agenda for Board meetings, therefore giving the meetings their direction and scope.
- To preside over the Board meetings and shareholders meetings of the company and to ensure the smooth functioning of the Meetings.

- To ensure that Board meetings take place regularly and that all the relevant information and facts are placed before the Board to enable the directors to reach informed decisions.
- To ensure that each meeting is planned effectively, conducted according to the constitution and that matters are dealt with in an orderly, efficient manner.
- To ensure that proper minutes are taken and sign the minutes of Board meetings and shareholders' meetings jointly with the Secretary. Minutes which have been signed correct by the Chairperson of the meeting are prima facie evidence of the proceedings.

7.3.4 Relations with the Shareholder

- To act as the Company's leading representative and be the spokesperson at functions and meetings to present the aims and policies of the Company.
- To maintain sound relations with the Company's shareholder and to ensure that the effective communication and disclosures are being carried out.
- To ensure that all directors be made aware of the concerns of the shareholder and other key stakeholders and that their views be communicated to the Board as a whole.

7.3.5 Induction, Development, Succession and Performance Evaluation

- To ensure that newly appointed directors participate in an induction programme with the support of the Company Secretary.
- To ensure that the development needs of the directors are identified and appropriate training be provided to continuously update the skills and knowledge of the directors so that they fulfil their role on the Board and its committees.
- To identify the development needs of the Board as a whole to promote its effectiveness as a team.
- To oversee a formal succession plan for the Board.

8. Role of Executive, Non-Executive and Independent Directors

- 8.1 Non-Executive and Independent directors collectively should contribute to the development of the strategy, analyse and monitor the performance of management against agreed objectives. Whenever required, they should challenge proposals presented by the Investment Management Company and request additional information where they consider that information is necessary to support informed decision-making.
- 8.2 Non-Executive and Independent directors collectively should provide independent judgement in all circumstances.
- 8.3 Non-executive and independent directors individually should inform themselves to a reasonable extent about the subject matter of all decisions they are called upon to make as directors of the Company.
- 8.4 Non-Executive and independent directors are expected to maintain the skills required to discharge their obligations to the Company and to the extent necessary newly appointed directors may request suitable induction courses which would be made available to them, upon request.
- 8.5 All directors are expected to take reasonable steps to satisfy themselves that financial information released is accurate and that the Company has adequate and proper financial controls and systems of risk management.
- 8.6 All directors are bound by fiduciary duties and duties of care and skill.
- 8.7 Executive directors must always manage the conflict between their management responsibilities and their fiduciary duties as a director in the best interests of the company.

9. Role of Company Secretary

- 9.1 Compliance
 - 9.1.1 To ensure that the organisation complies with its Constitution, all relevant statutory and regulatory requirements, codes of ethics and procedures established by the Board.
 - 9.1.2 To inform Board of all legislations relevant to or affecting meetings of shareholders and directors.

- 9.1.3 To continually review developments in corporate governance.

9.2 Board members - Appointment, Guidance and Development

- 9.2.1 To ensure that procedures for the appointment of directors are properly undertaken.
- 9.2.2 To facilitate the proper induction of directors into their role.
- 9.2.3 To provide the Board as a whole and directors individually with guidance as to their roles and responsibilities, advising and assisting the directors with respect to their duties and responsibilities, in particular compliance with prevailing regulations.
- 9.2.4 To act as a channel of communication and information for non-executive directors.
- 9.2.5 To assist the Chairperson in governance processes such as Board and Committee evaluation.

9.3 Organisation of Meetings of the Company

- 9.3.1 To prepare the agenda of Board, Board Committees if applicable and shareholder's meetings in consultation with the Chairperson and circulating the agendas and supporting documents in a timely manner.
- 9.3.2 To ensure that there is a quorum for meetings.
- 9.3.3 To take minutes of Board/Annual meetings and circulate draft minutes to all members and to ensure that minutes of proceedings of Board meetings and meetings of shareholders as well as resolutions of the Board are properly maintained.
- 9.3.4 To ensure that Annual and Special Meetings of Shareholders are held in accordance with the requirements of the Companies Act and the Company's Constitution.
- 9.3.5 To ensure that proxy forms are correctly processed and that the voting process whenever applicable is carried out correctly at meetings of shareholders.

9.4 Communication with the Shareholder

- 9.4.1 To ensure that the shareholder's interests are taken care of and act as a primary point of contact for the shareholder.

- 9.4.2 To communicate with the shareholder and arrange payment of dividends and/or interest, issuing documentation regarding corporate events being undertaken by the Company such as rights and bonus issues and maintaining good shareholder relations.

10. Board Committees

The Board may from time to time establish standing and ad hoc Committees to assist it in carrying out its responsibilities. For each Committee the Board should adopt a Charter setting out its role, composition, powers, responsibility, structure, resources and any other relevant matters. The appointment of a Chairperson and of the members of any Board committee shall be made by the Board.

Board committees shall comprise exclusively Board members. However, non-directors can be invited to attend the Committees. The Chairperson of the Audit and Risk Committee shall be an independent Director.

The Board has established an Audit and Risk Committee in October 2012 to assist the Board in the discharge of its duties relating to all the risk aspects of the subsidiaries of MCBCM, including the safeguarding of assets, the monitoring of control processes and the effectiveness of systems, and the preparation of accurate financial reporting and statements in compliance with all applicable legal requirements and accounting standards.

A Financial Products Supervisory Committee (FPSC) was set up in June 2015 to review all financial products in issue or proposed to be issued by MCBCM entities including the Structured Products issued by MCB Structured Solutions Ltd. The Committee shall also approve or recommend for approval to the relevant Board within MCBCM, all new financial products being launched by any MCBCM entity.

Corporate Governance matters are taken up at the level of the Board which ensures that corporate governance practices established by the MCB Group are applied throughout MCBCM.

11. Other Provisions

11.1 Professional advice

The Board has an agreed procedure whereby directors can seek independent professional advice, should the need arise. The professional services procured would be at the Company's expense and prior approval of the Chairperson is required.

11.2 Remuneration

Remuneration of directors is taken up at the level of the Group's 'Remuneration, Corporate Governance and Ethics ' Committee.

11.3 Conflict of interest

- Transactions between the company and its directors or shareholders are sources of conflicts of interest.
- The personal interests of a director, or persons closely associated with the director must not take precedence over those of the company and its shareholders.
- A director should make a best effort to avoid conflicts of interest or situations where others might reasonably perceive there to be a conflict of interest.
- A director shall forthwith after becoming aware of the fact that he is interested in a transaction or proposed transaction with the Company, disclose same to the Board and cause same to be entered in the Interests Register.
- The Board should, if deemed relevant, develop a corporate code of conduct that addresses issues that relate, inter alia, to conflicts of interest, particularly relating to directors and management.

11.4 Access to information

The Board shall have access to sufficient resources to carry out its duties, including access to the Company Secretariat for assistance as required.

11.5 Reporting

All matters likely to have an impact on the affairs or reputation of the Company should be reported by the Chairperson of the Board to the Board of MCB Group Limited.

