

AMANAHRAYA

CORPORATE GOVERNANCE
FRAMEWORK
FOR
AMANAH RAYA BERHAD (ARB)
GROUP

AMANAHRAYA

Contents

1.0	PREAMBLE	3
2.0	OBJECTIVES	3
3.0	APPLICABILITY	3
4.0	ARB GROUP'S CORPORATE GOVERNANCE FRAMEWORK	4
5.0	BOARD AND GOVERNANCE STRUCTURE	5
6.0	CODE OF CONDUCT.....	6
7.0	DELEGATION OF AUTHORITY	7
8.0	MANAGEMENT AND ITS ACCOUNTABILITY	8
9.0	COMPANY SECRETARY	10
10.0	STAKEHOLDER ENGAGEMENT	10
11.0	PERIODIC REVIEW OF THE FRAMEWORK.....	10
12.0	GLOSSARY	11

AMANAHRAYA

1.0 PREAMBLE

Amanah Raya Berhad (“ARB”) is a company incorporated under the Public Trust Corporation Act 1995 (“PTCA”) and the Companies Act 1965. ARB is committed to upholding the highest standards of corporate governance to ensure accountability, transparency, and ethical business practices across ARB and its group of companies (collectively referred to as “ARB Group”), in line with the applicable regulations as stated in details under 4.1.

Section 1.0 is an enhancement of the original ARB’s CG Policy and Framework to reflect the Preamble’s intent and ensure it aligns with the revised CG Framework.

2.0 OBJECTIVES

The objectives of this Corporate Governance (“CG”) Framework is to:

- i. Establish the Corporate Governance Framework for a sound corporate governance practice;
- ii. Affirm ARB Group’s commitment to the highest standards of governance, aimed at enhancing operational efficiency, driving sustainable growth, and benefiting all stakeholders, including staff, investors, and shareholders.
- iii. Ensures an appropriate balance between leadership including diversity, business growth, internal controls, legal compliance, and risk management, all embedded by ARB Group’s values, to promote integrity and transparency in decision-making and facilitate the achievement of ARB’s vision and mission.

Section 2.0 is a newly added section outlining the objectives which the contents are based on best practices, and adaptation from Section 1.0 of the original ARB’s CG Policy and Framework.

3.0 APPLICABILITY

This Corporate Governance Framework applies to:

- i. The Board of Directors of ARB Group (“the Board”);
- ii. All employees, officers, and management of ARB Group, including those within the organization’s subsidiaries and affiliates;
- iii. Any external parties, contractors, or consultants engaged by ARB Group, where applicable, in relation to corporate governance practices and compliance; and
- iv. All other stakeholders involved in the governance framework, including shareholders, investors, business partners, clients (individuals or corporates), and other relevant third parties who interact with or rely on ARB Group’s governance practices.

Section 3.0 is a newly added section outlining the applicability which the contents are based on best practices and has been rephrased to align more closely with ARB’s context, with references drawn from ARB’s official website and latest Annual Report. This section addresses MOF’s FAQ No. 1

AMANAHRAYA

4.0 ARB GROUP'S CORPORATE GOVERNANCE FRAMEWORK

Section 4.0 is adapted from Section 3.0 of the ARB's original CG Policy and Framework.

4.1 ARB Group's Corporate Governance Framework (referred to as "the Framework") is established according to the rules, requirements and provisions laid out in the following documents:

- Governance Guidelines By Prime Minister X (*Tatakelola Syarikat Berkepentingan Kerajaan dan Syarikat Berhad Menurut Jaminan*) issued in May 2024;
- Companies Act 2016 ("CA 2016")
- The Malaysian Code on Corporate Governance ("MCCG") issued on 28 April 2021 by the Securities Commission Malaysia ("SC")
- Relevant Treasury Circulars issued by the Minister of Finance, Inc. ("MOF(Inc.)") and *Garis Panduan Ahli Lembaga Pengarah Syarikat Menteri Kewangan (Diperbadankan)* issued on 23 August 2024; and
- Bursa Malaysia's Guide to Corporate Governance published on 13 December 2021.

Section 4.1 contents are extracted from the original ARB's CG Policy and Framework and updated to reflect the latest guidelines and regulations referred for the revised ARB's CG Framework.

4.2 As part of the Group's Governance Framework, specific responsibilities are delegated to the relevant Board Committees and Management Committees, providing support to the Board in key areas such as financial review, human capital management, internal control and risk management, as well as governance, procurement and sustainability matters.

Section 4.2 is added to outline responsibilities delegated to the Board Committee and Management Committee.

The Governance Framework is supported by the establishment of other relevant and appropriate policies, frameworks and governing units relating to areas which include amongst others:

i. Board Charter:

ARB Group shall establish, maintain and review a Board Charter once every two years, outlining responsibilities and functions of the Board of Directors, ensuring effective governance and strategic oversight;

i. Board Charter has been added in accordance with MOF (6.6,6.7,6.8).

ii. Limits of Authority:

ARB Group shall establish and maintain a documented set of Limits of Authority ("LOA") to outline the designated positions of responsibility within ARB Group and to establish the types and maximum amount of obligations or transactions that may be approved by employees or groups of employees. The LOA shall be reviewed and updated in alignment with the ARB Group's internal reorganization and transformation initiatives;

ii. Limits of Authority is an enhancement to the original ARB's CG Policy and Framework to reflect best practice.

iii. Internal Controls, Compliance and Risk Management Frameworks:

ARB Group shall establish and maintain the appropriate internal controls, compliance and risk management policies and frameworks, including an appropriate internal and external audit programs designed to provide reasonable

iii. Internal Controls, Compliance and Risk Management Frameworks is extracted from the original ARB's CG Policy and Framework, which aligns with MCCG (10.1,10.2) and CA2016 (246).

AMANAHRAYA

assurance regarding the achievement of ARB Group's objective; and

iv. Integrity and Governance Unit ("IGU"):

ARB Group's shall establish an IGU to oversee and monitor governance policies, ensuring integrity and ethical business practices while fostering a culture of transparency and accountability.

iv. Integrity and Governance Unit ("IGU") has been added in accordance with MOF (3.6) and Tatakelola (12.1)

v. Operating Policies and Procedures:

Policies and Procedures are the strategic link between ARB Group's vision, and its day-to-day operations. A comprehensive set of policies and procedures that governs ARB Group's business operations shall therefore be established and periodically reviewed.

v. Operating Policies and Procedures is extracted from the original ARB's CG Policy and Framework.

5.0 BOARD AND GOVERNANCE STRUCTURE

Section 5.1 is adapted from the original ARB's CG Policy and Framework and enhanced to reflect best practice which aligns with MCCG (1.1), CA2016 (211, 213), and MOF (6). This section addresses MOF's FAQ No 18, 19, and 20

5.1 Board's Role

The Board is responsible for governing ARB Group, setting its strategic direction, and ensuring alignment with company objectives. The Board shall act in the best interests of ARB Group and its stakeholders, approve key strategies, promote sound commercial practices, and ensure compliance with statutory obligations. This section should be read in conjunction with the Board Charter, which serves as a comprehensive guide for the Board's responsibilities.

Section 5.2 is adapted from the original ARB's CG Policy and Framework and revised to align with MCCG (5.2, 5.9, 5.10), CA2016 (196), MOF (6.5), Tatakelola (5.2.5.4, and Security Commission Real Estate Investment Trust 2024 (SC REIT 2024) (3.04)

5.2 Board Composition

The Board shall consist of at least 50% (1/2) Independent, non-Executive Directors, with appropriate representation of gender diversity. This section should be read in conjunction with the Board Charter, which serves as a comprehensive guide for the Board composition.

5.3 Board Committees

The Board has established various Board Committees to assist in the execution of its governance responsibilities. The Board Committees operate under clearly defined terms of reference, as outlined in the Board Charter.

Section 5.3 is adapted from the original ARB's CG Policy and Framework and revised to align with MCCG (2.1), CA2016 (212, 216) and MOF (3.7 to 3.11). This section addresses the MOF's FAQ No 21.

5.4 Annual General Meetings, Board Meetings, Sub-Committee Meetings, Notice and Papers

5.4.1 For private companies within ARB Group, the general meeting including Annual General Meeting ("AGM") and Extraordinary General Meeting ("EGM") notice shall be issued at least fourteen (14) days before the meeting date.

Section 5.4 is adapted from the original ARB's CG Policy and Framework and revised to align with MCCG (13.1), CA2016 (316) and MOF (8.1).

AMANAHRAYA

5.4.2 For public companies within ARB Group:

- AGM: Meeting notice shall be issued at least twenty-one (21) days prior to the AGM; and
- EGM: Meeting notice shall be issued at least fourteen (14) days before the meeting date.

Section 5.4 is adapted from the original ARB's CG Policy and Framework and revised to align with MCCG (13.1), CA2016 (316) and MOF (8.1).

5.4.3 Information and materials that are important to the Board's understanding of the business to be conducted at a Board or committee meeting should be distributed to the directors 3 working days prior to the meeting, in order to provide ample time for review.

5.5 Directors' Remuneration, Fees and Benefits

5.5.1 The remuneration of Directors of ARB Group including fees, allowances, and other benefits, shall be determined in accordance with the applicable directives, guidelines, and approvals issued by the MOF from time to time.

5.5.2 ARB shall ensure that:

- All remuneration arrangements for the Board and its Committees are guided by principles of transparency, accountability, and performance-based justification;
- No changes to directors' fees or benefits shall take effect without prior review by the Nomination and Remuneration Committee (NRC) and approval by the Board of ARB and the MOF;
- Disclosure of Directors remuneration in the annual reporting will be made in accordance with applicable financial reporting standards, the Malaysian Code on Corporate Governance (MCCG), and Bursa Malaysia disclosure practices (where applicable).

Section 5.5 is added to align with MCCG (7.0), CA2016 (230) and MOF (6.4, 7.8)

This section addresses MOF's FAQ No 10, 11, 12, 13 and 14

Note: This section is newly added in May 2025 to reflect compliance with MOF remuneration directives/guidelines

5.6 Dividend Distribution to Shareholders

The Board shall establish, review, and approve the Dividend Policy to ensure its alignment with the company's performance and regulatory requirements. The Board will monitor the implementation of the policy to ensure compliance with the Ministry of Finance (Incorporated) [MOF (Inc.)] requirements.

Section 5.6 is added to align with CA2016 (131,132,133) and MOF (3.7 to 3.11)

This section addresses MOF's FAQ No. 4

6.0 CODE OF CONDUCT

6.1 ARB Group upholds the highest standards of integrity, professionalism, and ethical conduct. All employees, including Senior Management, must adhere to the Code of Business Ethics, which is based on the principles of **Integrity, Confidentiality,**

Section 6.0 is added to reflect best practices which align with MCCG (3.1, 3.2, 10.1, 10.2) CA2016 (218, 246) and MOF (6.2)

AMANAHRAYA

Accountability, Respect, and Conflict of Interest.

6.2 To reinforce these principles, the following governance mechanisms are in place and shall be reviewed from time to time:

- Whistleblowing Policy
- Anti-Bribery & Anti-Corruption Policy
- No Gift Policy
- Conflict-of-Interest Policy
- Due Diligence Policy
- Vendor Code of Ethics
- Integrity Management & Feedback on Ethics/Integrity
- Proprietary Information Policy
- Policy & Procedure on Second Employment
- Anti-Fraud Policy
- Code of Business Ethics for Employees
- Asset Declaration Policy
- Sexual Harassment Policy

Section 6.0 is added to reflect best practices which align with MCCG (3.1, 3.2, 10.1, 10.2) CA2016 (218, 246) and MOF (6.2)

6.3 All employees must acknowledge and comply with these policies, with regular training provided to ensure adherence, where any non-compliance may result in disciplinary action. By embedding these standards into its governance framework, ARB Group fosters a culture of integrity, transparency, and accountability.

7.0 DELEGATION OF AUTHORITY

The Board shall delegate the requisite powers and authority to the Group Managing Director (“GMD”)/Managing Director (“MD”)/Chief Executive Officer (“CEO”) and Management through the LOA document to ensure the effective and efficient conduct of ARB Group’s day-to-day business operations. Matters not expressly addressed in the LOA shall be referred to the Board for deliberation and approval.

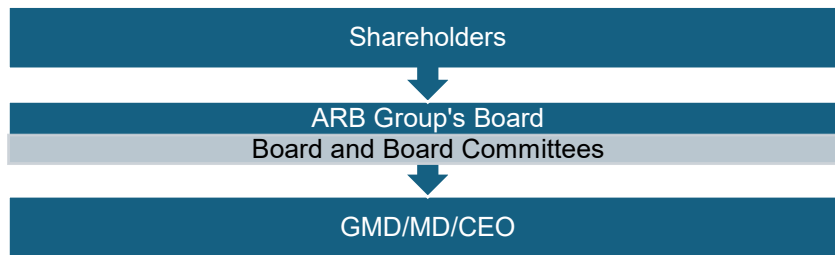
Section 7.0 is adapted from the original ARB’s CG Policy and Framework with enhancement to reflect best practices which align with MCCG (1.3), CA2016 (212), MOF (5.1 – 5.4), Tatakelola (4.6) This section addresses MOF’s FAQ No 16

AMANAH RAYA

8.0 MANAGEMENT AND ITS ACCOUNTABILITY

8.1 Management of ARB Group is led by the GMD/MD/CEO and supported by the Management Committees (“MC”). The GMD/MD/CEO and the Chairman of the Board shall not be held by the same individual.

8.2 The GMD/MD/CEO reports directly to the Board and is responsible for ensuring the effective operation of ARB Group by managing and coordinating its day-to-day activities and executing the Board-approved strategies in alignment with its objectives and governance framework. The Board shall ensure that the GMD/MD/CEO possesses the necessary qualifications, experience, and leadership capabilities to effectively discharge their duties. The reporting line is depicted as follows:



8.3 The MC assists the GMD/MD/CEO, particularly in the following matters:

- Preparing changes and revisions to the company’s strategy in accordance with the guidelines issued by the Board;
- Preparing a budget and monitoring its implementation and results on a regular interval;
- Monitoring the profitability of the company and its business units and current affairs relevant to the business; and
- Planning and preparing organizational changes required by the Board and GMD/MD/CEO;

8.4 Organizational structure and allocation of responsibilities

8.4.1 The Company shall document and communicate an organizational structure that clearly shows lines of reporting, responsibilities and authority. This includes clear delineation of purpose and responsibility of each department, standing committees and individual employees within ARB Group, whereby the allocation of duties and responsibilities should be documented in well-defined job descriptions. There should be no gap in reporting lines and effective management control should be maintained at all levels throughout ARB Group.

8.4.2 The organizational structure, job description and authority limits for the GMD/MD/CEO (including any changes thereto) shall be approved by the Board. Job descriptions and authority limits for the Management other than the GMD/MD/CEO, such as for line management and individual employees shall be approved by the GMD/MD/CEO. Such

Section 8.0 is adapted from the original ARB's CG Policy and Framework with enhancements to reflect best practices which align with MCCG (1.3), CA2016 (22 to 25), MOF (5.1), Tatakelola (4.6, 12.1)

These sections are extracted from the original ARB's CG Policy and Framework with minor amendment to ensure consistencies.

AMANAHRAYA

limits of authority should be communicated to the respective employees upon their appointment.

8.5 Strategic Planning and Operating Policies

8.5.1 ARB Group shall develop and continuously review its corporate strategy and implementation plans, both for the short term and long term. Such corporate strategy must be in line with ARB Group–incorporation and MOF objectives and shall be presented for approval of the Board on an annual basis.

8.5.2 ARB Group shall also develop and establish the appropriate policies and procedures that allow employees to clearly understand their roles and responsibilities within predefined limits.

8.6 Financial Management

The Management is responsible to ensure that ARB Group is managed efficiently and effectively especially in ensuring its operational costs is in check and wastage at minimum. In undertaking corporate social responsibilities, the objective and financial implications of such activities must be measurable and clarified. This is to ensure that such activities are balanced and commensurable with the overall financial performance of ARB Group.

8.7 Management Representatives

Management may appoint Management Representatives to represent ARB as Director, Trusteeship, Management Representative, Principal Officer, Company Secretary, Secretariat or Working Committee at the subsidiaries, associate companies or company other than ARB.

8.8 ARB Group shall also implement a structured framework for annually assessing the GMD/MD/CEO's leadership effectiveness, focusing on the sustainability of the Group's business across environmental, social, and governance ("ESG") aspects. The evaluation will be based on the achievement of key performance indicators ("KPI") aligned with the Group's strategic goals, performance expectations, and the management of sustainability risks. This assessment will also cover material areas relevant to the Group and its stakeholders.

8.9 ARB Group shall establish a clear framework for senior management compensation, considering company performance, industry benchmarks, and individual contributions. This framework will ensure fairness, transparency, and alignment with the company's strategic objectives, promoting equitable and performance-based remuneration.

These sections are extracted from the original ARB's CG Policy and Framework with minor amendment to ensure consistencies.

Section 8.8 is added to reflect best practice which aligns with MCGG (4.4) and CA2016 (212)

Section 8.9 is added to reflect best practices which align with MCGG (4.4, 7.1, 7.2) and CA2016 (212)

AMANAHRAYA

9.0 COMPANY SECRETARY

9.1 The Company Secretary plays a key role in supporting the Board and ensuring compliance with corporate governance standards. The roles and responsibilities of the Company Secretary include, but are not limited to:

- Board and Committee Administration
- Governance and compliance advisory
- Director appointment, professional development, and assessment
- Regulatory filings and shareholder engagement
- Corporate Governance and stakeholder engagement

9.2 The Company Secretary should possess relevant knowledge and expertise in company law, corporate governance, and regulatory compliance, with a commitment to continuous professional development.

Sections 9.0, 9.1 and 9.2 are added to reflect best practices which align with MCCG (1.5), CA2016 (102, 235, 236), and MOF (4.1, 4.2).

10.0 STAKEHOLDER ENGAGEMENT

10.1 The Board shall ensure that any disclosures are accurate, clear and presented in a manner that is easily understood by its shareholders, customers and other relevant stakeholders.

10.2 ARB Group shall publish its Corporate Governance framework, policies, Board Charter, and updated board composition on its website to ensure transparency.

10.3 ARB Group is committed to maintaining effective communication with its stakeholders through AGMs, corporate announcements, and other appropriate channels via electronic form or hardcopy to address their concerns and expectations.

Section 10.0 is added to reflect best practice which align with MCCG (4.2, 12.0) and CA2016 (612).

11.0 PERIODIC REVIEW OF THE FRAMEWORK

The CG Framework shall be reviewed at least once every two years, or as necessary, to ensure its continued relevance and effectiveness. Key stakeholders, including senior management, will be involved in assessing the framework's alignment with regulatory requirements, best practices, and ARB Group's evolving governance needs.

Section 11.0 is extracted from the original ARB's CG Policy and Framework and refined to reflect the ARB's current practice.

AMANAHRAYA

12.0 GLOSSARY

ARB Group	Amanah Raya Berhad and its subsidiaries
ARB	Amanah Raya Berhad
AGM	Annual General Meeting
CEO	Chief Executive Officer
EGM	Extraordinary General Meeting
GMD	Group Managing Director
The Board	Board of Directors of ARB Group
Management Committee	A committee tasked with assisting the GMD/MD/CEO in running and overseeing the business activities of ARB Group, whose members are appointed by the Board Representative/GMD
MD	Managing Director
MoF (Inc.)	Minister of Finance (Incorporated)
PO	Principal Officer in-charge of subsidiaries
Senior Management	Referring to the Management Committee of ARB Group as appointed by the Board Representative/GMD and all Heads of Departments collectively.

Glossary is updated to be consistent with the revised ARB's Framework.