

## **1. PRIMARY OBJECTIVE**

The Board of Directors has primary responsibility for the governance and management of KAF Investment Funds Berhad (hereinafter referred to KAF IF or the Company) and fiduciary responsibility for the financial health of KAF IF.

## **2. BOARD RESPONSIBILITIES**

The Board of Directors shall observe its roles and responsibilities in the spirit of the Malaysian Code on Corporate Governance ("MCCG"), Securities Commission Malaysia ("SC") Guidelines on Compliance Function for Fund Management Companies, Capital Market and Services Act 2007 (Act 671), Guidelines on Conduct for Capital Market Intermediaries, Guidelines on Corporate Governance for Capital Market Intermediaries, as well as its legal obligations under Companies Act, 2016.

The Board of Directors roles and responsibilities include the following:

- 2.1 Review and approve strategies, business plans and significant policies and monitor management's performance in implementing them.
- 2.2 Set corporate values and clear lines of responsibility and accountability that are communicated throughout the organisation.
- 2.3 Ensure competent management by ensuring there is a managed and effective process to select and appoint key senior management officers that are qualified, professional and competent to administer the affairs of KAF IF, approve succession planning and effectively monitor and evaluate senior management's performance on ongoing basis.
- 2.4 Review, deliberate and approve the nominees for directorship including the Licensed Director, Chief Executive Officer (CEO) and Compliance Officer subject to Securities Commission's approval. The candidate may be sourced internally and/or externally which the Board members deem fit and proper.
- 2.5 Ensure that the operations of KAF IF is conducted prudently, and within the framework of relevant laws and policies. The Board must ensure that KAF IF maintain an effective

compliance function that routinely monitors compliance with policies approved by the Board and relevant laws and regulations. Directors must be familiar with relevant laws, related regulations and guidelines and must exercise diligence to see that these are not violated.

- 2.6 Identifying principal risks and ensuring implementation of a proper risk management system.
- 2.7 Establish procedure to avoid self-serving practices and conflicts of interest including dealings of any form with related entities.
- 2.8 Ensure that KAF IF has a beneficial influence on the economic well-being of its community and are in line with the government's economic objectives.
- 2.9 Ensure only licensed persons can carry out regulated activities.
- 2.10 Ensure that KAF IF has at least one director who is a CMSRL holder.
- 2.11 KAF IF must ensure compliance with the following Core Principles :
  - a) Integrity;
  - b) Skill, care and diligence;
  - c) Acting in clients' interest and must not jeopardise or prejudice clients' interests;
  - d) Must take reasonable care to organize and control its affairs responsibly and effectively, with adequate risk management and supervisory system;
  - e) Maintain adequate financial, human and other resources which commensurate with the business;
  - f) Promotes a fair and orderly business;
  - g) Must ensure that clients' assets are safeguarded at all times and must not make improper use of clients' assets;
  - h) Must provide any relevant information to clients in a fair, accurate and timely manner;
  - i) Must manage conflict of interest fairly, both between itself, its employees and clients, and between a client and another client;
  - j) Must ensure proper policies and procedures are in place to ensure sound compliance framework which safeguards client's interests; and
  - k) Must deal with the Securities Commission in an open, co-operative and timely manner.

- 2.12 Evaluate the adequacy and effectiveness of KAF IF's system of internal control through a review of the reports of the internal and the external auditors.
- 2.13 Ensure that all matters raised in the audit report are resolved in a manner that does not jeopardize or prejudice the clients' interests.
- 2.14 Governance of Technology Risk – The Board must provide oversight and accord sufficient priority and resources to manage technology risk, as part of KAF IF's overall risk management framework and discharge its function in line with the Guidelines on Technology Risk Management issued by Securities Commission.
- 2.15 Corporate Liability – The Board must ensure that the required Anti Bribery & Corruption measures are in place at the appropriate level of effectiveness based on Section 17A of the Malaysian Anti-Corruption Commission Act 2009.
- 2.16 Environmental, Social and Governance (ESG) – The Board to promote sustainability agenda and oversee the performance of climate-related risks' strategies and opportunities, as well as other aspects of sustainability initiatives of the Company.

### **3. COMPOSITION / MEMBERSHIP**

- 3.1 The Board shall determine the appropriate size of the board and in determining the size, the consideration of an individual with the appropriate mix of skills, knowledge, experience and independence that fit the objectives and strategic goals should be given to enable the efficient and effective conduct of board deliberation.
- 3.2 The Board shall appoint the members in accordance to KAF IF's Constitution.
- 3.3 The Board to ensure that at least two (2) independent members, while maintaining a minimum ratio of one-third (1/3) of their board members are independent directors.
- 3.4 The Company Secretary shall act as the Secretary of the Board.

#### **4. AUTHORITY**

With exception of specific corporate decision stated in the Capital Market and Services Act, the Companies Act and the Constitution, that require the authorities approval or require the passing of ordinary or special resolutions by shareholders, the Board shall have full authority to make all decisions. The Board also has the power to delegate specific functions and authorities to its Committees, individual Directors and the Management of KAF IF in discharging its responsibilities.

#### **5. CHAIRMAN OF THE BOARD**

The Chairman is responsible in providing leadership and advice to the Board and KAF IF as well as creating an effective condition of the Board and the individual members of the Board. The Chairman also ensures guidelines and procedures are in place to govern the Board's operation and conduct.

#### **6. MEETINGS AND QUORUM**

- 6.1 The Board shall meet at least once every quarter to ensure that the Board is kept sufficiently in touch with the business of KAF IF. Special Board meetings should be held in addition to the meetings as and when required.
- 6.2 The quorum necessary for the transaction of business shall be minimum three (3) attendees or 50% of the total board members (whichever is higher).
- 6.3 Participation via telephone or video-conference is permitted. However, personal attendance of the meetings is encouraged. Any directors who participate via telephone or video-conference in such meeting shall be counted in the quorum.
- 6.4 A duly convened meeting of the Board at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested or exercisable by the Board.
- 6.5 Meetings of the Board shall be summoned by the Secretary at the request of any member thereof, by reasonable prior notice to all members.

- 6.6 The Secretary shall minute the proceedings and resolutions of all meetings, including the names of those present and in attendance.
- 6.7 Each member is entitled to one vote in deciding matters deliberated in the meeting. The decision gained the majority votes of the Board shall be the decision of the Board. In the event of the equality of votes, the Chairman of the Board shall be entitled to a casting vote.

## **7. SECRETARIAT**

The Company Secretaries who are appointed by the Board under the Companies Act, 2016 shall be responsible for the preparation of agenda and distribution to the all members of the Board the papers to be deliberated in the meeting.

## **8. WRITTEN OR CIRCULAR RESOLUTION**

Any resolution in writing, signed by all Directors then entitled to receive notice of a meeting of the Board, shall be as valid and effectual as it had been passed at a meeting of the Board duly convened. Any such resolution may consist of several documents in the like form, each signed by one or more of Directors.

Any resolution in writing signed or approved by digital signature or other written electronic communications shall be valid and effectual as if it had been passed at a Board meeting.

## **9. LAW AND GUIDELINES**

The provisions of these Board Charter must be read together with all applicable laws and guidelines including all relevant laws, regulations, as well as guidelines, circulars and directives issued by Securities Commission Malaysia (SC) and other relevant authorities, KAF IF's Constitution and policies & manuals which KAF IF must adhere to. In the event of any conflict between these Terms of Reference and such laws and guidelines, the provisions of such laws and guidelines must prevail.