

**TERMS OF REFERENCE OF  
THE BOARD STRATEGIC AND SUSTAINABILITY COMMITTEE  
BANK ISLAM MALAYSIA BERHAD**

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**1. Introduction**

The Board of Directors ("Board") carries the ultimate responsibility for the proper stewardship of the Bank. It has the responsibility to ensure optimisation of shareholders' value and safeguard the stakeholders' interest. The Board has a fiduciary responsibility to act in the best interest of the Bank.

Premised on the said objectives, the Board has approved the establishment of the Board Strategic and Sustainability Committee ("BSSC" or "the Committee"), comprising of selected members of the Board with diverse skill, experience and background to oversee, supervise and monitor the implementation of identified key strategic and sustainability matters (including climate opportunities), and any corporate exercises involving the Bank and its subsidiaries ("Bank Islam Group") that the Board has endorsed or approved.

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**2. Authority**

The Committee shall have the authority to deliberate and where relevant to recommend to the Board, on matters in relation to its primary duties and responsibilities as stipulated below. For the discharge of its authority, the Committee shall have:-

- (a) Full access to the company records, properties and personnel;
- (b) Independent professional advice and expertise necessary to perform its duties; and
- (c) Access to advice and services of the Company Secretary.

A member of the Committee shall at all times act honestly and shall use reasonable diligence in the discharge of his/her duties.

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**3. Primary Duties and Responsibilities**

Whilst the Board would be ultimately responsible for all strategic decisions in promoting the sustainable growth and financial soundness of the Bank Islam Group, the Board has assigned the following duties and responsibilities to the Committee:-

**1. KEY STRATEGIC MATTERS**

- (a) Identify the strategic issues of Bank Islam Group and set priorities on the actions to be taken. The key strategic matters shall include but not limited to the following areas:-
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**TERMS OF REFERENCE OF  
THE BOARD STRATEGIC AND SUSTAINABILITY COMMITTEE  
BANK ISLAM MALAYSIA BERHAD**

- i. Strategic positioning of Bank Islam Group's business;
  - ii. Branding;
  - iii. Organisational Structure;
  - iv. Talent and Culture;
  - v. Financial Inclusion;
  - vi. Digitalisation;
  - vii. Regional Expansion;
  - viii. Sustainability (including climate) related proposition and opportunities; and
  - ix. Any other strategic matters as determined by the Committee or the Board.
- (b) Review and make the necessary recommendations to the Board, on any proposals or strategies in relation to the key strategic matters of Bank Islam Group;
- (c) Review and regularly monitor the progress implementation and the effectiveness of the approved proposals or strategies in relation to the key strategic outcome of Bank Islam Group;

**2. SUSTAINABILITY (INCLUDING CLIMATE) RELATED MATTERS**

- (a) Review, challenge and approve sustainability (including climate) strategies, priorities and targets as proposed by management.
- (b) Oversee and advise the management to ensure that the Group's strategies, goals and principles pertaining to sustainability (including climate) are in accordance with the Group's sustainability and climate change strategy to strengthen resilience against climate-related risks and promote a just and orderly transition.
- (c) Identify a designated person within management, to provide report and manage sustainability strategically, including the integration of sustainability considerations in the operations of the Bank.
- (d) To review issues relating to sustainability (including climate) from the strategic perspective as raised by regulators or appointed consultants.

**TERMS OF REFERENCE OF  
THE BOARD STRATEGIC AND SUSTAINABILITY COMMITTEE  
BANK ISLAM MALAYSIA BERHAD**

- (e) Oversee and advise management on potential climate related reputational risks that may arise from the Bank's businesses, policies, practices, external stakeholder relationships and their perception of the Bank.

Oversee, receive reports from management and advise on sustainability (including climate) related opportunities, including the Bank's policies and programs pertaining to sustainability (including climate) such as climate transition plan.

- (f) Ensure that business strategies takes into consideration of the impact of climate related risks identified and the outcome of climate risk stress tests and scenario analysis in the short, medium and long term, as recommended by the Board Risk Committee.
- (g) Review and endorse the relevant sustainability (including climate) related disclosures such as the Task Force for Climate-Related Financial Disclosures ("TCFD") prior to submission to the Board for approval.

**3. CORPORATE EXERCISES**

- (a) Review any corporate exercises, i.e., the potential benefits and the objectives of the proposals, and to make the necessary recommendation(s) to the Board. For the avoidance of doubt, a "corporate exercise" within the context of this document shall include but not limited to, transactions or deals that would lead to potential mergers, acquisitions, investments or disposition of interest or businesses, capital restructuring, i.e., issuance of sukuk or such other instruments and any other corporate exercises which would have impact on Bank Islam Group;
- (b) Review the details on the corporate exercise structure, approach, pricing (if relevant), the timeline and deadlines and make the necessary recommendation(s) to the Board;

**TERMS OF REFERENCE OF  
THE BOARD STRATEGIC AND SUSTAINABILITY COMMITTEE  
BANK ISLAM MALAYSIA BERHAD**

- (c) Consider and recommend to the Board, the appointment of the relevant advisers that are required for the purposes of advising the Bank and submitting the applications to the relevant regulatory bodies, including Bank Negara Malaysia, Securities Commission and Bursa Malaysia Securities;
- (d) Supervise, monitor and review the implementation of strategies, approach and the progress of any corporate exercises endorsed or approved by the Board to ensure a smooth and timely implementation, consistent with the Board's decisions and objectives;
- (e) Review the due diligence process and reports, on financial and non-financial matters such as, technology, operational, reputation, intellectual property, litigation and human resources and consider the impact to the corporate exercise. Where necessary, any members of the Committee may also participate in a high level due diligence conducted by the Management;
- (f) Update and highlight to the Board any issues, challenges or risks that could affect the smooth implementation of a corporate exercise and recommend to the Board the measures and actions to address such issues, challenges or risk;
- (g) Review any applications to be submitted to the relevant regulatory authorities in relation to a corporate exercise; and
- (h) Provide advice and guidance to the Management in managing the implementation of a corporate exercise.

**4. OTHER DUTIES AND RESPONSIBILITIES**

The Committee shall undertake such other duties or assignments as may be determined by the Board from time to time.

**TERMS OF REFERENCE OF  
THE BOARD STRATEGIC AND SUSTAINABILITY COMMITTEE  
BANK ISLAM MALAYSIA BERHAD**

- 4. Composition**
- (a) The Committee members shall be appointed by the Board and shall comprise of at least three (3) members including the Chairman.
  - (b) The <sup>1</sup>Group Chief Executive Officer, the Group Chief Financial Officer or any other officer of the Bank may be invited to attend the Committee meeting as and when considered appropriate by the Committee.  
*<sup>1</sup>The Group Chief Executive Officer should include the designation of Group Managing Director.*
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- 5. Secretary**
- The Company Secretary of the Bank or such other person as appointed by the Board shall be the Secretary to the Committee.
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- 6. Frequency of meetings**
- The Committee shall meet not less than four (4) times a year, with additional meetings for particular matters, as and when required.
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- 7. Notice of Meetings**
- (a) Unless otherwise agreed by the members, the notice for each meeting confirming the venue, date and time together with the agenda of the meetings shall be forwarded to each member of the Committee at least seven (7) working days prior to the date of the meeting.
  - (b) In addition to the scheduled meeting, the Secretary shall convene any special meetings upon receipt of request from the Chairman/directors by giving a reasonable notice of the meeting of not less than two (2) working days.
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## TERMS OF REFERENCE OF THE BOARD STRATEGIC AND SUSTAINABILITY COMMITTEE BANK ISLAM MALAYSIA BERHAD

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- 8. Quorum for meetings**
- (a) The quorum for meeting shall be at least 50% of the total members.
  - (b) Any member who participate in the meeting via tele-conferencing device shall be counted for the purpose of determining a quorum.
  - (c) A director interested in a contract or a proposed contract or arrangement shall be counted for the purpose of determining a quorum. However, he/ she must abstain from participating in discussions and decisions on matters directly involving him/ her [*extracted from the Bank's Constitution*].
  - (d) In the event the Chairman is unable to attend the Committee meeting, the members present may elect any one (1) of them to be the Chairman of the meeting.
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- 9. Attendance** Each member of the Committee is required to attend at least 75% of the Committee meetings held in each financial year.
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- 10. Decision-Making** All decisions and/or approvals are to be made on unanimous basis, whilst always adhering to the quorum for meeting. Notwithstanding the above, the Chairman shall call for a vote of the members if the circumstances warrant for a vote where the decision shall be carried out based on the majority. In the event of equality of vote, the Chairman shall have a casting vote.
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- 11. Written Resolution**
- (a) Decision by the Committee may be made via written resolution.
  - (b) Decision made via written resolution is deemed effective after being executed by majority of the members of the Committee, who are present in Malaysia.
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**TERMS OF REFERENCE OF  
THE BOARD STRATEGIC AND SUSTAINABILITY COMMITTEE  
BANK ISLAM MALAYSIA BERHAD**

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(c) All decisions and/or approvals made via written resolution shall be presented at the subsequent Committee meeting for notation.

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**12. Minutes of Meetings**

(a) The Secretary shall minute the proceedings and resolutions of all meetings of the Committee. The minutes must record the decisions of the Committee, including the key deliberations, rationale for each decision made, and any significant concerns or dissenting views. The minutes must also indicate whether any director abstained from voting or excused himself from deliberating on a particular matter.

(b) The minutes of meetings shall be submitted to the Board for notification in such format as determined by the Board.

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**13. Review of the Terms of Reference**

The Board may review the Terms of Reference of the Committee once every two (2) years or as and when is necessary.

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