

MCB USD SHORT DURATION FUND LTD
BOARD CHARTER

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1. Introduction

The Board Charter sets out the objectives, roles and responsibilities and composition of the Board of MCB USD Short Duration Fund Ltd (“MUSDF” or the “Company”). 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 shall prevail.

This Charter is posted on the organisation’s website.

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. The Board should thereafter ensure that the Company is being managed in accordance with the directions and delegations of the Board.

3. Composition

- 3.1. The Board shall consist of a minimum of two directors.
- 3.2. 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.
- 3.3. The Chairperson of the Board shall be a non-executive director or an independent director.
- 3.4. Each director shall be elected (or re-elected as the case may be) every year at the Meeting of Shareholders by a separate resolution.
- 3.5. There is no distinction between directors and alternate directors, if any, in terms of their duties and responsibilities.

4. Appointment, Evaluation and Remuneration of the Board Members

- 4.1. The appointment process has been delegated to the Remuneration, Corporate Governance, Ethics and Sustainability Committee (RCGESC) of MCB Group Limited, the ultimate holding Company which recommends to the Board of the Company the members to be appointed.

- 4.2. At each Annual Meeting of the Company all directors in office shall be re-elected.
- 4.3. 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.
- 4.4. The effectiveness of the Board and the Committees, if any, as a whole shall be regularly reviewed and assessed as well as the performance of individual directors.

5. Meetings

- 5.1. The Board shall meet on a regular basis to discuss the affairs of the Company.
- 5.2. The quorum for Board Meetings shall be as follows:
 - i. with respect to meetings dealing exclusively with approving or authorising the issuance of Shares and matters ancillary or incidental to such issuance of Shares, two (2) Directors; and
 - ii. with respect to meetings dealing with matters other than those stipulated in the preceding sub-paragraph, three (3) Directors;
- 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 by means of audio, or audio and visual communication by which all Directors participating and constituting a quorum can simultaneously hear each other throughout the meeting.
- 5.4. In case of absence of the Chairperson, the Board shall appoint an independent or a non-executive director to chair the meeting.

6. Role and Responsibilities

The Board is ultimately responsible for the affairs of the Company and for providing effective corporate governance. The management and day-to-day activities are outsourced to MCB Investment Management Co. Ltd (MCBIM) and to other relevant service providers within the MCB Group (collectively referred to as the "Service Providers") under contractual agreement. The delegation of the operations to the Service providers or to any Committee does not discharge the responsibility of the Board in respect of the actions and decisions taken by the Service Providers or any Committee.

6.1. Strategy

- 6.1.1. The Board should approve the strategic objectives, policies and corporate values and monitor the implementation of the plans and strategies.
- 6.1.2. The Board must retain full and effective control over the Company and its capital resources.
- 6.1.3. The Board shall exercise leadership, enterprise, intellectual honesty, integrity and judgement in directing the Company so as to achieve sustainable prosperity for the Company.

6.2. Control and Risk

- 6.2.1. The Board is responsible for setting principal policies in respect of risk and conduct of business for the Company. The Board must regularly monitor that the business is running in accordance with such policies.
- 6.2.2. The Board shall, where relevant, ensure that clear lines of responsibility and accountability exist and are enforced throughout the organisation.
- 6.2.3. The Board shall ensure that relevant procedures and practices are in place that protects the Company's assets and reputation. It shall, on a reasonable basis, satisfy itself that, if applicable, processes and procedures are reviewed on a regular basis to ensure effectiveness of the Company's internal control systems.
- 6.2.4. The Board has the duty of ensuring that the Company complies with all the relevant laws, regulations and codes of business practice.
- 6.2.5. 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 accounts 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.

6.4. Interests of the 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 and 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 and with the consideration of the Corporate Social Responsibility of the Company.

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 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 to 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 ensure that the effective communication and disclosures are being carried out.
- To ensure that all directors are made aware of the concerns of the shareholder and other key stakeholders and that their views are 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 is provided to continuously update their skills and knowledge 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 Management 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 (if any) 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, policies 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 to 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 to maintain 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 of Board members exclusively. However, non-directors can be invited to attend the Committees.

Proceedings of committees shall be reported to the Board to allow other directors to be informed and seek clarifications from the committee members, if so desired.

Committees must have access to the resource and information necessary for them to fulfil their duties. This will include secretarial and administrative support, as well as resources such as legal advisers and outside specialists, as necessary.

The Board should make funds available to the Committees to enable them to seek independent legal, accounting or other advice, as necessary.

The Board has not set up any sub-committee. An Audit Committee has been set up at the MCB Capital Markets Group level to deal with audit related issues of all its subsidiaries. Other governance related matters are dealt with at the level of the ultimate holding company, MCB Group Limited.

11. Other Provisions

11.1. Professional advice

The Board has an agreed procedure whereby directors are able to 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 MCB Group's Remuneration, Corporate Governance, Ethics and Sustainability 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.

- An interest register is kept by the Company Secretary for recording interests (including related parties) of directors. Upon appointment, a new director will be requested to submit a duly completed and signed interest declaration form.
- The Secretary shall on an annual basis request the directors to submit an updated interest declaration form. Any change in the interest of the director should be notified to the Secretary, who will update the register accordingly.
- 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 the Manager.

11.4. Access to information

The Board shall have access to sufficient resources in order 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 the holding company, MCB Investment Management Co. Ltd, its holding company MCB Capital Markets Ltd and ultimately to MCB Group Limited.