

**HONG LEONG CAPITAL BERHAD
- BOARD CHARTER**

The Board Charter sets out the mandate, responsibilities and procedures of the Board of Directors (“**Board**”) and Board Committees in accordance with principles of good governance set out in the policy documents and guidelines issued by the relevant regulatory authorities.

The Board shall periodically review and update the Board Charter in tandem with any changes to regulatory requirements.

1. Introduction

- 1.1 The Board has the overall responsibility for promoting the sustainable growth and financial soundness of the Company.
- 1.2 The Board elects a Chairman whose primary responsibility is the effective overall functioning of the Board.
- 1.3 The Board appoints a Chief Executive Officer (“**CEO**”), as required, who is responsible for the business and day-to-day management of the Company.

2. Composition

- 2.1 The number of Directors shall not be less than two (2) or more than twelve (12).
- 2.2 The Chairman of the Board shall not be an executive member of the Board and shall not have served as a CEO of the Company in the past five (5) years.
- 2.3 The Board shall have a majority of Independent Directors at all times.

3. Terms of Reference (“TOR”) of the Board

The main responsibilities of the Board are to:

- 3.1 review from time to time and approve the Company’s corporate mission, statement and broad strategies, risk appetite, business plans and other initiatives which would have a material impact on the Company’s risk profile including financial soundness, reputation and key operational controls and ensure that there is an appropriate risk management framework and appropriate systems to manage these risks;
- 3.2 review and approve specific investments and divestments;
- 3.3 review and approve material transactions before implementation;
- 3.4 ensure that the Company has adequate management resources to achieve its objectives and to support the CEO and that a satisfactory plan for succession management is in place;
- 3.5 ensure that the Company has in place procedures to enable effective communication with stakeholders;

- 3.6 oversee and review the adequacy, integrity and implementation of the Company's governance framework, internal control framework and management information framework, including systems for compliance with applicable laws, regulations, rules, directives and guidelines, and periodically review whether the frameworks remain appropriate in light of material changes to the size, nature and complexity of the Company's operations;
- 3.7 promote, together with senior management, a sound corporate culture within the Company which reinforces ethical, prudent and professional behaviour in the conduct of business;
- 3.8 promote sustainability through appropriate environmental, social and governance considerations in the Company's business strategies;
- 3.9 ensure the integrity of the Company's financial and non-financial reporting;
- 3.10 establish and regularly review succession plans for the Board to promote board renewal and address any vacancies;
- 3.11 establish and operate an appropriate governance structure of the group and its entities;
- 3.12 oversee the selection, performance, remuneration and succession plans of the CEO, control function heads and other members of senior management. The Board may delegate matters relating to appointments and assessment of senior management and control function heads to Board Committees and/or CEO as the Board deems fit;
- 3.13 approve and review periodically the remuneration policy of the Company.

The remuneration for each director and senior management must be approved by the Board annually; and
- 3.14 oversee and approve the recovery and resolution as well as business continuity plans for the Company to restore its financial strength, and maintain or preserve critical operations and critical services when it comes under stress.

4. Responsibilities of the Chairman

The Chairman is responsible to lead and coordinate the activities of the Board and has the following specific responsibilities:

- 4.1 to conduct meetings of the Board and of shareholders;
- 4.2 to schedule Board meetings in a manner that enables the Board and its Committees to perform their duties effectively;
- 4.3 to prepare, in consultation with the CEO, other directors and Committee chairmen the agendas for the Board and Committee meetings;
- 4.4 to ensure all strategic and critical issues are considered by the Board and that directors receive the relevant information on a timely basis;

- 4.5 to encourage healthy discussion and ensure that dissenting views can be freely expressed and discussed; and
- 4.6 to lead efforts to address the Board's developmental needs.

5. Responsibilities of the CEO

The CEO is the senior executive of the Company and is responsible for:

- 5.1 formulating the vision for the Company and recommending policy and the strategic direction of the Company for approval by the Board;
- 5.2 providing management of the day-to-day operations of the Company;
- 5.3 acting as the spokesman of the Company;
- 5.4 implementing the business and risk strategies, remuneration and other policies in accordance with the direction given by the Board;
- 5.5 establishing a management structure that promotes accountability and transparency throughout the Company's operations, and preserves the effectiveness and independence of control functions;
- 5.6 promoting, together with the Board, a sound corporate culture within the Company which reinforces ethical, prudent and professional behaviour in the conduct of business;
- 5.7 addressing actual or suspected breaches of regulatory requirements or internal policies in a timely and appropriate manner; and
- 5.8 regularly updating the Board with the material information the Board needs to carry out its oversight responsibilities, particularly on matters relating to –
 - (i) the performance, financial condition and operating environment of the Company;
 - (ii) internal control failures, including breaches of risk limits; and
 - (iii) legal and regulatory obligations, including supervisory concerns and the remedial actions taken to address them.

6. Responsibilities of Individual Directors

The responsibilities of Individual Directors broadly include the following:

- 6.1 to ensure there is a proper check and balance on the Board, taking into consideration the interest of all shareholders;
- 6.2 to improve governance standards and make significant contributions to the Company's decision making;

- 6.3 to make assessment of information, reports or statement when the interests of Management, Company and/or shareholders diverge; and
- 6.4 to keep all Board information, discussions, deliberations and decisions that are not publicly known confidential and not use information gained through the Board for own or others' benefit or advantage.

7. Responsibilities of Non-Executive Directors

In addition to Clause 6 above, the role of the Non-Executive Directors includes the following:

- 7.1 providing independent and objective (in the case of Non-Executive Directors who are Independent) views, assessment and suggestions in deliberations of the Board; and
- 7.2 constructively challenging and contributing to the development of the business strategies and direction of the Company.

8. Board Committees

The Board has established the following Board Committees whose compositions, functions, responsibilities and authority delegated by the Board are set out in the respective Board Committees' terms of reference per Appendix A:

- Board Audit and Risk Management Committee; and
- Nomination and Remuneration Committee.

Board Committees shall report, update and keep the Board informed on the significant issues, key deliberations, recommendations and decisions on delegated matters.

The Board remains fully accountable for any authority delegated to the Board Committees.

9. Matters Reserved & Delegated by the Board

The responsibilities and procedures of the Board and the Board Committees are set out in their respective Terms of Reference.

Matters reserved for the Board's decision include the following:

- 9.1 business direction and key strategies;
- 9.2 new or changes to the Strategic Business Plans;
- 9.3 mergers and acquisitions;
- 9.4 expansion/entry into new markets and regions;
- 9.5 corporate restructuring/reorganisation;
- 9.6 set-up of new subsidiaries/joint venture partnerships;
- 9.7 new investments/acquisitions/disposals of significant assets;
- 9.8 decisions required of the Board pursuant to regulatory and statutory requirements and the Company's constitution; and
- 9.9 any other matters deemed necessary by the Board.

The Board may delegate the authority on any of the above matters to the Board Committees, CEO, management committees or senior management as it deems fit.

10. Proceedings of Directors

- 10.1 The proceedings of Directors, where applicable, shall be governed by the provisions of the Constitution of the Company and the relevant laws and regulations regulating the proceedings of Directors.
- 10.2 A Director must attend at least 50% of the Board meetings held in each financial year, and must not appoint another person to attend or participate in a Board meeting on his behalf.
- 10.3 Attendance at a Board meeting, by way other than physical presence, shall remain the exception rather than the norm, and is subject to appropriate safeguards to preserve the confidentiality of deliberations.
- 10.4 At least half of the number of the Board members shall form a quorum.
- 10.5 A director who has, directly or indirectly, an interest in a material transaction or material arrangement shall not be present at the Board meeting where the material transaction or material arrangement is being deliberated by the Board.
- 10.6 The Board must ensure that clear and accurate minutes of Board meetings are maintained to record the decisions of the Board, including the key deliberations, rationale for each decision made, and any significant concerns or dissenting views. The minutes must indicate whether any director abstained from voting or excused himself from deliberating on a particular matter.

11. Conflict of Interest

The Company has established a Directors' Conflict of Interest Policy.

12. Director's External Commitments

Directors shall devote sufficient time to carry out their responsibilities. All Directors are expected to commit time as and when required to discharge his/her duties and responsibilities, besides attending meetings of the Board and Board Committees.

Directors shall notify the Board Chairman before accepting any new directorships.

A Director of the Company shall not hold more than five directorships in public listed companies.

13. Directors' Access to Advice

The Board may seek advice from third party experts on any matter deliberated by the Board, where necessary, at the Company's expense, in consultation with the Chairman of the Board or the CEO of the Company.

14. Review of Board Charter

This Board Charter is subject to periodic review by the Board or at least once annually.

HONG LEONG CAPITAL BERHAD
- BOARD AUDIT AND RISK MANAGEMENT COMMITTEE**TERMS OF REFERENCE****Constitution**

The Board Audit Committee of the Company has been established since 23 March 1994 and has been re-designated as the BARMC on 29 August 2001.

The BARMC is established to support the Board in discharging the following responsibilities:

1. Oversee Senior Management's implementation of the Company's governance framework and internal control framework/policies.
2. Oversee that Senior Management meets the expectations on risk management.
3. Oversee that Senior Management has a reliable and transparent financial reporting process within the Company by providing independent oversight of internal and external audit functions.
4. Oversee Senior Management's implementation of compliance risk management.
5. Promote the adoption of sound corporate governance principles based on applicable legislations, regulations and code for the Company and its subsidiaries.

Composition

1. The BARMC shall:
 - a) have at least three directors;
 - b) comprise only non-executive directors, with a majority of them being independent directors;
 - c) be chaired by an independent director; and
 - d) comprise directors who have the skills, knowledge and experience relevant to the responsibilities of the BARMC.
2. A former key audit partner shall observe a cooling-off period of at least three (3) years before being appointed as a Member of the BARMC.

Secretary

The Secretary(ies) to the BARMC are the Company Secretary(ies) of the Company.

Terms of Reference

External Audit

1. To make recommendations to the Board on the appointment, removal and remuneration of the external auditor.
2. To review the terms of engagement and the audit plan prior to engaging the external auditor and/or re-appointment of the external auditor.
3. To monitor and assess the independence of the external auditor, including the approval of non-audit services by the external auditor.
4. To review the assistance given by the officers of the Group to the external auditor.
5. To maintain regular, timely, open and honest communication with the external auditor, and requiring the external auditor to report to the BARMC on significant matters.
6. To review the report of the external auditor, including any significant matters, and to ensure that management has taken the necessary corrective actions in a timely manner to address the external audit findings and recommendations.
7. To review third-party opinions on the design and effectiveness of the Company's internal control framework.

Financial Reporting

1. To review the accuracy and adequacy of the chairman's statement (if any) in the directors' report and corporate governance disclosures of the Company.
2. To review the interim financial reports and annual financial statements of the Company and the Group before submission to the Board, focusing particularly on changes in accounting policies and practices; significant adjustments arising from the audit; the going concern assumptions; and compliance with accounting standards and other legal requirements.

Related Party/Connected Party Transactions

1. To review and update the Board on any related party transactions that may arise within the Group.
2. To monitor compliance with the Board's conflict of interest policy.

Internal Audit

1. To review and approve the adequacy of the internal audit scope, procedures, plan, and assess the performance and effectiveness of the internal audit function.
2. To review the adequacy and effectiveness of internal controls and risk management processes.

Internal Audit (cont'd)

3. To review reports and significant findings by Internal Audit Department, including any findings of internal investigations, and to ensure that management has taken the necessary corrective actions in a timely manner to address control weaknesses, non-compliance with laws, regulatory requirements, policies and other problems identified by the internal audit and other control functions.
4. To review reports and findings issued by regulatory authorities, and to check that management has taken the necessary corrective actions in a timely manner to address control weaknesses, non-compliance with laws, regulatory requirements, policies and other problems identified by the regulatory authorities.
5. To support the Board in meeting the expectations on Internal Audit management as set out in BNM's policy document, "Guidelines on Internal Audit Function of Licensed Institutions".
6. To decide on the appointment, remuneration, appraisal, transfer and dismissal of the Head of Internal Audit, and to provide oversight on the adequacy of resources and remuneration of the internal auditors. This includes a regular review to determine whether the internal audit function has appropriate standing not only within the Company but also within the Group to undertake its activities independently and objectively.
7. To engage privately with the Head of Internal Audit on a regular basis (and in any case at least twice annually) to provide the opportunity for the Head of Internal Audit to discuss issues faced by the internal audit function.
8. To review the Audit Charter and recommend for Board's approval.
9. To review any significant disagreement between the Head of Internal Audit and any member(s) of the Senior Management team where such disagreement may have adverse impact on the audit process or findings, and to recommend resolutions of such disagreement if they remain unresolved within a reasonable period of time.
10. To establish an appropriate mechanism to address and manage situations where there is a threat to the objectivity of internal audit.
11. To satisfy itself that the internal audit function is effective by establishing a mechanism to assess its performance and effectiveness.
12. To ensure that the terms and scope of the engagement, the working arrangements with the internal auditors and reporting requirements are clearly established when engaging external experts, where the internal audit function lacks the expertise needed to perform the audit of specialised areas.
13. Other audit functions as may be agreed to by the BARMC and the Board.

Risk Management

1. To review Senior Management's activities in managing principal risks such as (but are not limited to) capital adequacy, credit risk, market risk, liquidity risk, operational risk, IT risk and environmental, social and governance risk.

Risk Management (cont'd)

2. To review Senior Management's reporting to the Board on measures taken to:
 - a) Identify and examine principal risks faced by the Company.
 - b) Implement appropriate systems and internal controls to manage these risks.
3. To review the major risk management strategies, policies and risk tolerance for Board's approval.
4. To review the overall framework on the ICAAP, annual risk appetite and Capital Management Plan.
5. To review the development and effective implementation of the ICAAP.
6. To review the stress testing governance including the evaluation on the capital stress test scenarios, parameters, key assumptions and results.
7. To review the periodic reports on risk appetite, risk exposure, risk portfolio composition, stress testing and risk management activities.
8. To review the adequacy and effectiveness of the internal controls and risk management process.
9. To review the adequacy of risk management policies and frameworks in identifying, measuring, monitoring and controlling risk and the extent to which these are operating effectively.
10. To review risk management function's infrastructure, resources and systems and to ensure that the staff responsible for implementing risk management systems perform those duties independently of the Group's risk taking activities.
11. To receive and review reports from pertinent management committees.
12. To review Senior Management's implementation of risk management as set out in BNM's policy document on Risk Governance, Approach to Regulating and Supervising Financial Groups, and Corporate Governance.
13. To review and advise on the appointment, remuneration, removal and redeployment of the CRO.
14. To engage privately with the CRO on a regular basis (and in any case at least twice annually) to provide the opportunity for the CRO to discuss issues faced by the risk management function.
15. Other risk management functions as may be agreed to by the BARMC and the Board.

Compliance

1. To assist the Board in the oversight of the management of compliance risk by:
 - a) reviewing compliance policies and overseeing Senior Management's implementation of the same;

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- b) reviewing the establishment of the compliance function and the position of the CCO to ensure the compliance function and CCO are provided with appropriate standing, authority and independence;
 - c) discussing and deliberating compliance issues regularly and oversee that such issues are resolved effectively and expeditiously;
 - d) reviewing annually the effectiveness of the Company's overall management of compliance risk, having regard to the assessments of Senior Management and internal audit, as well as interactions with the CCO; and
 - e) updating the Board on all significant compliance matters, including providing its views on (a) to (d) above.
2. In relation to the role of the CCO, support the Board in meeting the expectations on compliance management by:
 - a) reviewing and advising on the appointment, remuneration and termination of the CCO of the Company;
 - b) ensuring that the CCO has sufficient stature to allow for effective engagement with the CEO and other members of Senior Management;
 - c) engaging privately with the CCO on a regular basis (and in any case at least twice annually) to provide the opportunity for the CCO to discuss issues faced by the compliance function;
 - d) ensuring that the CCO is supported with sufficient resources, including competent officers, to perform his duties effectively; and
 - e) where CCO also carries out responsibilities in respect of other control functions, the BARMC shall be satisfied that a sound overall control environment will not be compromised by the combination of responsibilities performed by the CCO.
 3. Other compliance functions as may be agreed to by the BARMC and the Board.

Whistleblowing

1. In relation to the Company's Whistleblowing Policy and Procedures:
 - a) oversee the implementation and effectiveness of the Company's Whistleblowing Policy and Procedures; and
 - b) exercise its powers and carry out its responsibilities as set out under the Company's Whistleblowing Policy and Procedures.

HLFG Group Governance

1. Noted that:
 - a) HLFG as an apex entity has overall responsibility for ensuring the establishment and operation of a clear governance structure within the HLFG Group.

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- b) HLFG Board's responsibility is to promote the adoption of sound corporate governance principles throughout the HLFG Group.
- c) HLFG's audit, risk and compliance functions may propose objectives, strategies, plans, governance framework and policies for adoption and implementation HLFG Group-wide.
- d) The respective subsidiaries' Board and Senior Management must validate that the objectives, strategies, plans, governance framework and policies set at HLFG level are fully consistent with the regulatory obligations and the prudential management of the subsidiary and ensure that entity specific risks are adequately addressed in the implementation of HLFG Group-wide policies.
2. HLCB's BARMC shall validate that the objectives, strategies, plans, governance framework and policies set at HLFG level are fully consistent with the regulatory obligations and the prudential management of the subsidiaries and to check that the entity specific risks are adequately addressed in the implementation of HLFG Group-wide policies.

Authority

The BARMC is authorised by the Board to review any activity of the Group within its Terms of Reference. It is authorised to seek any information it requires from any Director or member of Senior Management and all employees are directed to co-operate with any request made by the BARMC.

The BARMC is authorised by the Board to obtain independent legal or other professional advice as it considers necessary.

Meetings

The BARMC meets at least four (4) times a year and additional meetings may be called at any time as and when necessary. All meetings to review the quarterly reports and annual financial statements are held prior to such quarterly reports and annual financial statements being presented to the Board for approval.

The Group Managing Director, CEO, CRO, CCO, Head of Internal Audit, CFO, other Senior Management, employees and external auditors may be invited to attend the BARMC meetings, whenever required.

At least twice a year, the BARMC will have separate sessions with the external auditors without the presence of Executive Directors and the Senior Management.

Issues raised, discussions, deliberations, decisions and conclusions made at the BARMC meetings are recorded in the minutes of the BARMC meetings. Where the BARMC is considering a matter in which a BARMC member has an interest, such member shall abstain from reviewing and deliberating on the subject matter.

Two (2) members of the BARMC, who shall be independent, shall constitute a quorum and the majority of members present must be independent directors.

After each BARMC meeting, the BARMC shall report and update the Board on significant issues and concerns discussed during the BARMC meetings and where appropriate, make the necessary recommendations to the Board.

Revision of the Terms of Reference

Any revision or amendment to the Terms of Reference, as proposed by the BARMC, shall first be presented to the Board for its approval. Upon the Board's approval, the said revision or amendment shall form part of this Terms of Reference which shall be considered duly revised or amended.

Definitions

“BARMC”	means the Board Audit and Risk Management Committee
“Board”	means the Board of Directors
“CCO”	means the Chief Compliance Officer or the Head of Compliance
“CEO”	means the Chief Executive Officer
“CFO”	means the Chief Financial Officer
“Company” or “HLCB”	means Hong Leong Capital Berhad
“CRO”	means the Chief Risk Officer
“Group”	means the Company and its subsidiaries
“HLFG”	means Hong Leong Financial Group Berhad
“ICAAP”	means Internal Capital Adequacy Assessment Process
“Senior Management”	means the CEO, CFO and Heads of Departments of the Group
“Whistleblowing Policy and Procedures”	means the Whistleblowing Policy and Standard Operating Procedures

**HONG LEONG CAPITAL BERHAD
- NOMINATION AND REMUNERATION COMMITTEE (“NRC”)****TERMS OF REFERENCE**

The following sets out the TOR for the NRC:

1. Composition

- 1.1 The NRC shall have a minimum of three members (“the Members”) who shall be appointed by the Board of Directors (“Board”) out of their own number, provided that the majority comprise of independent Directors.
- 1.2 A Member who wishes to retire or resign from the NRC should provide sufficient notice to the Company so that a replacement may be appointed. In the event that any Member ceases to be a Director of the Company, he shall automatically cease to be a Member of the NRC.
- 1.3 In the event that the number of Members is reduced below three, the Board shall appoint such new Members as may be required as soon as practicable provided that the composition of the NRC shall meet the criteria set out in Clause 1.1 above.

2. Chairman

- 2.1 The Members shall elect out of their own number a Chairman from the NRC who is an independent Director of the Company.
- 2.2 The Chairman of the NRC shall preside as Chairman at every meeting save that if at any meeting, the Chairman is not present and there is a quorum, the Members present shall elect a Chairman who is an independent Director.

The Chairman of the Board must not chair any meeting of the NRC.

3. Secretary

The Secretaries of the Company or such other person as nominated by the Board will be the Secretary(ies) of the NRC.

4. Responsibilities

- 4.1 The nomination responsibilities of NRC are as follows:
 - 4.1.1 Support the Board in carrying out its functions in the following matters concerning the board, senior management and company secretary(ies):
 - (a) appointments and removals;
 - (b) composition;
 - (c) performance evaluation and development; and
 - (d) fit and proper assessments.

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- 4.1.2 Recommend to the Board the minimum criteria and skill sets for appointments to the Board, Board Committees and for the position of Chief Executive Officer.
 - 4.1.3 Review and recommend to the Board all Board and Board Committees appointments, re-appointments and removals including of the Chief Executive Officer.
 - 4.1.4 Review annually the overall composition of the Board in terms of the appropriate size and skills, and the balance between executive directors, non-executive directors and independent directors, and mix of skills and other core competencies required.
 - 4.1.5 Assess annually the performance and effectiveness of the Board, Board Committees and each individual director.
 - 4.1.6 Review annually the term of office and performance of the Board Audit and Risk Management Committee (“BARMC”) and each of its members to determine whether the BARMC and its members have carried out their duties in accordance with the Terms of Reference of the BARMC.
 - 4.1.7 Oversee the appointment, management of succession planning and performance evaluation of key senior management officers and recommend their removal if they are found ineffective, errant and negligent in discharging their responsibilities.
 - 4.1.8 Ensure that the Board receives an appropriate continuous training programme.
- 4.2 The remuneration responsibilities of NRC are as follows:
- 4.2.1 Recommend to the Board the framework and policies governing the remuneration of the:
 - Directors;
 - Chief Executive Officer;
 - Senior management officers; and
 - Other material risk takers.
 - 4.2.2 Review and recommend to the Board for approval the specific remuneration packages of executive directors and the Chief Executive Officer.
 - 4.2.3 Review and recommend to the Board for approval the remuneration of senior management officers and other material risk takers.

5. Meetings

5.1 Convening of Meetings

- (a) The NRC shall hold at least one meeting (which may include meetings conducted via telephonic and video conference) in each financial year to be convened by the Secretary(ies) to the NRC.

- (b) Upon the request of any Member, the Chairman shall convene a meeting of the NRC to consider any matters which the Member believe should be brought to the attention of the NRC.

5.2 Notice of Meetings

- (a) The notice and agenda for each meeting shall be circulated to all Members specifying the date, time and venue of the meeting and setting out the matters to be discussed.
- (b) The NRC may invite such other persons as they deem necessary to the meetings.

5.3 Recording of Proceedings

- (a) The Members shall cause minutes to be made of all proceedings and decisions taken at NRC meetings and of the attendances thereat.
- (b) A copy of the minutes of each meeting shall be circulated to every member of the Board.
- (c) The minutes are to be signed by the Chairman at the next succeeding meeting. Any minutes signed by the Chairman of the meeting to which they relate or of the meeting at which they are read, shall be sufficient evidence without any further proof of the facts stated therein.
- (d) The minutes of the NRC shall be kept by the Secretary(ies) to the NRC at the registered office of the Company and shall be opened to inspection of the Board at any time.

5.4 Quorum

At least half of the number of the NRC Members shall form a quorum.

5.5 Decisions

- (a) Any decision to be taken by the NRC or questions arising at any meeting shall be determined by a majority of votes of the Members present and in the case of an equality of votes, the Chairman shall have a second or casting vote.
- (b) A member of the NRC shall abstain from participating in discussions and decisions on matters involving himself/herself.

6. Circular Resolutions

- 6.1 A resolution in writing signed by a majority of Members shall be as valid and effectual as if it had been passed at a meeting of the NRC duly convened and held. Any such resolution may be contained in a single document or may consist of several documents in like form, each signed by one or more Members.

6.2 For the purpose of this provision, “in writing” and “signed” include approval by facsimile and other electronic means.

7. **Others**

The NRC may regulate and amend the provisions relating to its own procedures in particular the calling of the meetings, notice to be given of such meetings, the voting and proceedings thereat, the keeping of minutes and the custody, production and inspection of such minutes.