

Fit and Proper Policy

 HongLeong Capital Berhad	HONG LEONG CAPITAL BERHAD	Version 7.0
	Fit and Proper Policy	Effective Date: 25 April 2023

TABLE OF CONTENTS

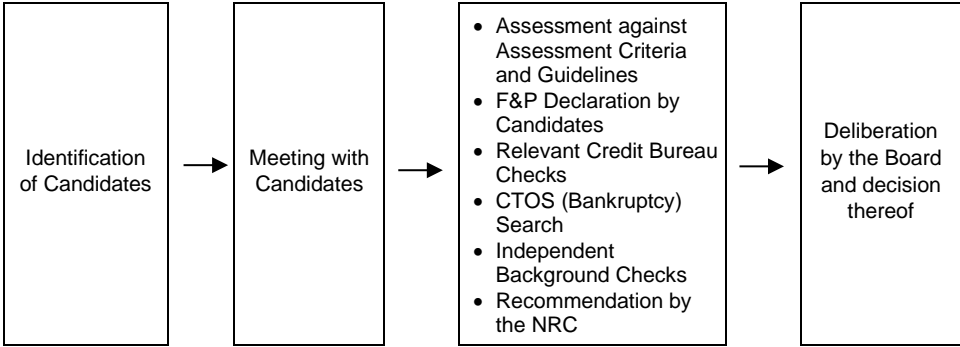
	Page
1 PURPOSE	1
2 SCOPE	1
3 POLICY STATEMENT	1
4 LEGAL AND REGULATORY PROVISIONS	2
5 PRINCIPLES	2
5.1 Assessment Process	
5.2 Statutory Requirements	
5.3 Criteria of Directors	
5.4 Criteria of Independent Directors	
5.5 Criteria of the Chairman of the Board	
5.6 Tenure of Independent Directors	
6 SCHEDULES	8
7 POLICY INFORMATION	8

 HongLeong Capital Berhad	HONG LEONG CAPITAL BERHAD	Version 7.0
	Fit and Proper Policy	Effective Date: 25 April 2023

Fit and Proper Policy

	Reference in the Relevant Legislation
1. PURPOSE	
<p>To serve as a guiding mechanism and framework for the NRC on the process for new appointments and re-appointments of Chairman, Directors and CEO, Board Committees' appointments, removal/resignation of Director, and the annual fit and proper ("F&P") assessment of Chairman, Directors and CEO of the Company.</p>	
2. SCOPE	
<p>This Policy applies to the Company's new appointments and re-appointments of Chairman, Directors and CEO, Board Committees' appointments, removal/resignation of Director, and the annual F&P assessment of Chairman, Directors and CEO.</p>	
3. POLICY STATEMENT	
<p>(i) The Company is required to ensure that the Chairman, Directors and CEO of the Company have the integrity and competence required to perform their roles, and remain fit and proper to assume their responsibilities.</p> <p>(ii) Pursuant to the NRC's TOR, the NRC is responsible, inter alia:</p> <p style="margin-left: 20px;">(a) for new appointments of Chairman, Directors and CEO – assessing and, if deemed fit, recommending for Board approval the candidates for such positions ("Candidate(s)") ("New Appointments");</p> <p style="margin-left: 20px;">(b) for re-appointments of Chairman, Directors and CEO – assessing and, if deemed fit, recommending for Board approval re-appointments for such positions ("Re-Appointments");</p> <p style="margin-left: 20px;">(c) for appointments to Board Committees – assessing and, if deemed fit, recommending for Board approval the appointment of Directors to Board Committees ("Board Committees Appointments");</p> <p style="margin-left: 20px;">(d) for removal of Director – assessing and, if deemed necessary, recommending for Board approval the removal of Director; and</p> <p style="margin-left: 20px;">(e) for annual F&P assessment of Chairman, Directors and CEO – assessment per the Assessment Criteria for such positions ("Annual F&P Assessment").</p> <p>(iii) This Policy sets out the assessment criteria and guidelines for new appointments and re-appointments of Chairman, Directors and CEO, Board Committees' appointments, removal/resignation of Director, and the Annual F&P Assessment of Chairman, Directors and CEO.</p>	

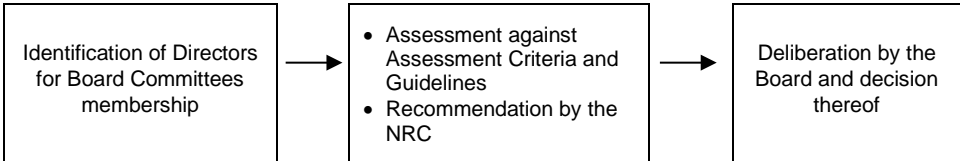
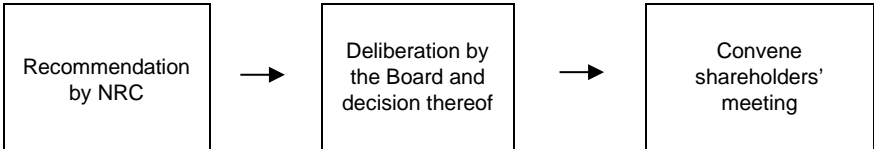
	HONG LEONG CAPITAL BERHAD	Version 7.0
	Fit and Proper Policy	Effective Date: 25 April 2023

	Reference in the Relevant Legislation
<p>4. LEGAL AND REGULATORY PROVISIONS</p> <p>This Policy must be read in conjunction with other relevant HLCB's Policies and Standard Operating Procedures including laws, regulations and guidelines issued by regulatory bodies as amended from time to time, such as, but not limited to:</p> <ul style="list-style-type: none"> (a) Companies Act 2016; (b) Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001; (c) Personal Data Protection Act 2010; (d) HLCB's Anti-Bribery and Corruption Policy; (e) Any other policies and procedures issued by HLCB or Hong Leong Group (where relevant to HLCB) from time to time; and (f) Any other applicable laws, guidelines, policy documents, notifications and standards, circulars/directives or applicable regulations issued by Bursa Malaysia Berhad or other regulatory authorities/associations, where applicable. 	
<p>5. PRINCIPLES</p> <p>5.1 Assessment Process</p> <p>(A) New Appointments</p> <p>(a) The nomination, assessment and approval process for New Appointments shall be as follows:</p> <div style="text-align: center;">  <pre> graph LR A[Identification of Candidates] --> B[Meeting with Candidates] B --> C["• Assessment against Assessment Criteria and Guidelines • F&P Declaration by Candidates • Relevant Credit Bureau Checks • CTOS (Bankruptcy) Search • Independent Background Checks • Recommendation by the NRC"] C --> D[Deliberation by the Board and decision thereof] </pre> </div> <p>(b) Assessment Criteria and Guidelines</p> <p>The Candidates will be assessed based on the following Assessment Criteria:</p> <ul style="list-style-type: none"> (i) how the Candidate will be a strategic and effective fit for the Board and contribute to the overall desired composition and required mix of expertise/experience to enhance the Board's overall effectiveness. <p>The NRC shall, inter alia, consider the attributes, qualifications, management, leadership and business experience, which ought to be at the most senior level.</p>	

	HONG LEONG CAPITAL BERHAD	Version 7.0
	Fit and Proper Policy	Effective Date: 25 April 2023

	Reference in the Relevant Legislation
<p>In respect of skills, expertise and background, the Candidate should ideally complement the mix of core competencies of the Board as a whole including but not limited to business, legal and financial expertise, professional knowledge, information technology and financial industry experience.</p> <p>(ii) in the case of CEO, the Candidate’s knowledge and experience in the industry, market and segment and how this will bear on the performance of his/her duties;</p> <p>(iii) the Candidate shall complete the F&P Declaration in respect of his probity, competence, personal integrity, reputation, qualifications, skills, experience and financial integrity in line with the standards required under the relevant regulatory requirements. The Company shall conduct independent background checks on the areas as set out in Appendix 1 (“Independent Background Checks”), to verify the information disclosed in the F&P Declaration;</p> <p>(iv) the Candidate is required to ensure that the financial obligation information reported is accurate with cross reference made to his/her individual CCRIS report accordingly;</p> <p>(v) the Candidate will be briefed on expectations on his role including his time commitment, the F&P assessments to be conducted and general and specific contributions expected; and</p> <p>(vi) whether the Candidate is required to attend appropriate training to strengthen any specific area of market knowledge/experience so as to close the gaps identified to be lacking.</p> <p>(B) Re-Appointments</p> <p>(a) The assessment and approval process for Re-Appointments shall be as follows:</p> <div style="display: flex; align-items: center; justify-content: center; margin: 10px 0;"> <div style="border: 1px solid black; padding: 5px; width: 300px;"> <ul style="list-style-type: none"> • Assessment against Assessment Criteria and Guidelines • F&P Declaration • Relevant Credit Bureau Checks • CTOS (Bankruptcy) Search • Independent Background Checks • Recommendation by the NRC </div> <div style="margin: 0 20px;">→</div> <div style="border: 1px solid black; padding: 5px; width: 150px; text-align: center;"> Deliberation by the Board and decision thereof </div> </div> <p>(b) Assessment Criteria and Guidelines</p> <p>(i) For Re-Appointments, the Chairman, Directors and CEO will be evaluated on their performance in the discharge of duties and responsibilities effectively, including, inter alia, contribution to Board deliberations and commitment, and for independent directors, their independence.</p>	

	HONG LEONG CAPITAL BERHAD	Version 7.0
	Fit and Proper Policy	Effective Date: 25 April 2023

	Reference in the Relevant Legislation
<p>(ii) In addition, the NRC shall, inter alia, consider the attributes, qualifications, management, leadership and business experience, which ought to be at the most senior level.</p> <p>(iii) In respect of skills, expertise and background, he should ideally complement the mix of core competencies of the Board as a whole including but not limited to business, legal and financial expertise, professional knowledge, information technology and financial industry experience.</p> <p>(iv) The NRC shall also consider the Board Annual Assessment results of the Chairman, Directors and CEO, the contribution during the term of office and the attendance at Board meetings, which pursuant to the MMLR, must be at least 50% of the Board meetings held in the financial year.</p> <p>(v) Chairman, Directors and CEO shall complete the F&P Declaration in respect of their probity, competence, personal integrity, reputation, qualifications, skills, experience and financial integrity in line with the standards required under the relevant guidelines. The Company shall conduct Independent Background Checks to verify the information disclosed in the F&P Declaration.</p> <p>(vi) Chairman, Directors and CEO are required to ensure the financial obligation information reported is accurate with cross reference made to their individual CCRIS report accordingly.</p> <p>(C) Board Committees Appointments</p> <p>(a) The nomination, assessment and approval process for Board Committees Appointments shall be as follows:</p> <div style="text-align: center;">  <pre> graph LR A[Identification of Directors for Board Committees membership] --> B["• Assessment against Assessment Criteria and Guidelines • Recommendation by the NRC"] B --> C[Deliberation by the Board and decision thereof] </pre> </div> <p>(b) Assessment Criteria and Guidelines</p> <p>The assessment for Board Committees Appointments will be based on the Directors' potential contributions and value-add to the Board Committees with regard to Board Committees' roles and responsibilities.</p> <p>(D) Removal/resignation of Director/Chairman</p> <p>(a) The assessment and approval process for removal of Director shall be as follows:</p> <div style="text-align: center;">  <pre> graph LR A[Recommendation by NRC] --> B[Deliberation by the Board and decision thereof] B --> C[Convene shareholders' meeting] </pre> </div>	

	HONG LEONG CAPITAL BERHAD	Version 7.0
	Fit and Proper Policy	Effective Date: 25 April 2023

	Reference in the Relevant Legislation
<p>The Company may by ordinary resolution at a shareholders' meeting remove the Director before the expiration of the Director's tenure of office.</p> <p>(b) The office of a Director shall become vacant if the Director resigns his office by notice in writing to the Company.</p> <p>(c) Where a Director/Chairman of the Company:</p> <p>(i) becomes disqualified under section 198 of CA 2016; or</p> <p>(ii) no longer complies with any of the F&P requirements as may be specified under the MMLR,</p> <p>he shall immediately cease to hold office and act in such capacity.</p> <p>(d) The Company shall immediately:</p> <p>(i) in the case of paragraph (c)(i), terminate the appointment of Director/Chairman; or</p> <p>(ii) in the case of paragraph (c)(ii), remove the Director/Chairman from office.</p> <p>(E) Annual F&P Assessment</p> <p>(a) The Annual F&P Assessment process shall be as follows:</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="border: 1px solid black; padding: 5px; width: 30%;"> <ul style="list-style-type: none"> • Chairman/Directors/CEO to complete: <ul style="list-style-type: none"> - the Board Annual Assessment Form - the F&P Declaration • Independent Background Checks </div> <div style="font-size: 24px;">→</div> <div style="border: 1px solid black; padding: 5px; width: 30%;"> <ul style="list-style-type: none"> • Assessment against Assessment Criteria and Guidelines • Recommendation by the NRC </div> <div style="font-size: 24px;">→</div> <div style="border: 1px solid black; padding: 5px; width: 30%;"> <p style="text-align: center;">Deliberation by the Board and decision thereof</p> </div> </div> <p>The NRC will carry out the Annual F&P Assessment in conjunction with the Board Annual Assessment of the effectiveness of the Board as a whole, the contribution by each Director to the effectiveness of the Board and the contribution of the Board's various committees and the performance of the CEO ("Board Annual Assessment").</p> <p>For newly appointed Chairman, Directors and CEO, the Annual F&P Assessment and Board Annual Assessment will be conducted at the next annual assessment exercise following the completion of 1 year of service.</p> <p>Chairman, Directors and CEO shall complete the F&P Declaration in respect of their probity, competence, personal integrity, reputation, qualifications, skills, experience and financial integrity in line with the standards required under the relevant guidelines annually. The Company shall conduct Independent Background Checks to verify the information disclosed in the F&P Declaration.</p>	<p>Section 206 CA 2016</p> <p>Section 198 CA 2016</p> <p>MMLR Paragraph 2.20A</p>

	HONG LEONG CAPITAL BERHAD	Version 7.0
	Fit and Proper Policy	Effective Date: 25 April 2023

	Reference in the Relevant Legislation
<p>(b) Assessment Criteria and Guidelines</p> <p>Assessment Criteria and Guidelines will be as set out in the F&P Declaration and Board Annual Assessment Form.</p> <p>5.2 Statutory Requirements</p> <p>In the assessment of New Appointments or Re-Appointments, as the case may be, the NRC shall inter alia be guided by the provisions of the CA 2016, the MMLR and the Capital Markets and Services Act 2007, where applicable, and any amendments made thereto from time to time as well as applicable new legislations and guidelines introduced from time to time (collectively referred to as the “Statutory Requirements”).</p> <p>5.3 Criteria of Directors</p> <p>(1) CA 2016 states that a person shall not hold office as a Director of a company if the person –</p> <ul style="list-style-type: none"> (a) is an undischarged bankrupt; (b) has been convicted of an offence relating to the promotion, formation or management of a corporation; (c) has been convicted of an offence involving bribery, fraud or dishonesty; (d) has been convicted of an offence under Sections 213, 217, 218, 228 and 539 of CA 2016; or (e) has been disqualified by the Court under section 199 of CA 2016. <p>(2) A Director of the Company must not have competing time commitments that impair his ability to discharge his duties effectively.</p> <p>(3) A Director of the Company must not be an active politician.</p> <p>(4) Subject to Section 5.4(f) below, where a firm has been appointed as the external auditor of the Company, any of its officers directly involved in the engagement and any partner of the firm must not serve or be appointed as a Director of the Company until at least 2 years after –</p> <ul style="list-style-type: none"> (a) he ceases to be an officer or partner of that firm; or (b) the firm last served as an auditor of the Company. <p>5.4 Criteria of Independent Directors</p> <p>The MMLR states that an independent director is a director who is independent of management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of the company. Without limiting the generality of the foregoing, an independent director is one who:</p>	<p>Section 198 CA 2016</p>

 HongLeong Capital Berhad	HONG LEONG CAPITAL BERHAD	Version 7.0
	Fit and Proper Policy	Effective Date: 25 April 2023

	Reference in the Relevant Legislation
<p>(a) is not, and has not been within the last 3 years, an officer of the Company or any related corporation of the Company (each corporation is referred to as “Corporation”). For this purpose, “officer” has the meaning given in Section 2 of the CA 2016, but excludes a director who has served as an independent director in any one or more of the Corporation for a cumulative period of less than 12 years;</p> <p>(b) is not a major shareholder of the Corporation. For this purpose, “major shareholder” has the meaning given in the MMLR;</p> <p>(c) is not a family member of any executive director, officer or major shareholder of the Corporation. For this purpose, “officer” has the meaning given in the MMLR;</p> <p>(d) is not acting as a nominee or representative of any executive director or major shareholder of the Corporation;</p> <p>(e) (i) has not personally provided professional advisory services to the Corporation within the last 3 years; or</p> <p>(ii) is presently not a partner, director (except as an independent director) or major shareholder, of a firm or corporation (“Entity”) which has provided professional advisory services to the Corporation within the last 3 years,</p> <p>and the consideration in aggregate is not more than 5% of the gross revenue on a consolidated basis (where applicable) of the said director or the Entity or RM1 million, whichever is the higher (“Consideration Threshold”);</p> <p>(f) (i) has not engaged personally in transactions with the Corporation (other than for board service as a non-executive director) within the last 3 years; or</p> <p>(ii) is not presently a partner, director or a major shareholder, of an Entity (other than subsidiaries of the Company) which has engaged in transactions with the Corporation within the last 3 years,</p> <p>and the consideration in aggregate does not exceed the Consideration Threshold; and</p> <p>(g) has not served as an independent director in any one or more of the Corporation for a cumulative period of more than 12 years from the date of his first appointment as an independent director.</p> <p>5.5 Criteria of the Chairman of the Board</p> <p>(1) The Chairman of the Board must not be an Executive Director, and must not have served as a CEO of the Company in the past 5 years.</p> <p>(2) The Chairman of the Board must not be a chairman of the Board Committees.</p>	<p>MMLR Paragraph 1.01</p>

 HongLeong Capital Berhad	HONG LEONG CAPITAL BERHAD	Version 7.0
	Fit and Proper Policy	Effective Date: 25 April 2023

	Reference in the Relevant Legislation
<p>5.6 Tenure of Independent Directors</p> <p>The tenure of an Independent Director shall not exceed a cumulative term of 9 years from the date of his or her first appointment in the Company. The Independent Director may retire at the Annual General Meeting (“AGM”) immediately preceding or following the expiry of the 9-year term unless prior thereto, a suitable incumbent has been identified to replace the Independent Director before the AGM.</p>	
6. SCHEDULES	
<p>This Policy must be read in conjunction with its subordinate schedules as provided in the table below.</p>	

7. POLICY INFORMATION	
Subordinate Schedules	N/A
Policy Owner/ Administrator	Group Company Secretary
Accountable Officer	Group Company Secretary
Responsible Party(s)	NRC
Summary of Changes	<ol style="list-style-type: none"> 2015: To revise the tenure limit of independent directors from 12 years to 9 years. 2017: To incorporate the provision to conduct relevant credit bureau checks on candidate to be appointed as new Director or CEO. 2018: To incorporate the provision to conduct relevant credit bureau checks on candidate to be re-appointed as Director or CEO. 2020: To include Independent Background Checks as part of the due diligence process for appointment, re-appointment and annual assessment of Chairman, Directors and CEO. 2023: To incorporate the provisions on removal/resignation of Director/ Chairman, criteria of Chairman and Director.
Approved Date	First Approved on: 26 April 2011 (effective date: 1 July 2011) Amendments in 2015 approved on: 28 July 2015 Amendments in 2017 approved on: 31 July 2017 Amendments in 2018 approved on: 30 January 2018 Amendments in 2018 approved on: 26 July 2018 Amendments in 2020 approved on: 23 July 2020
Effective Date	25 April 2023

	HONG LEONG CAPITAL BERHAD	Version 7.0
	Fit and Proper Policy	Effective Date: 25 April 2023

7. POLICY INFORMATION	
Next Review Date	April 2024
Relevant Legislation	(a) CA 2016 (b) MMLR
Related forms, publications and websites	(a) Board Annual Assessment Form (b) F&P Declaration (c) Declaration Form of Independent Director
Definitions that relate to this Policy only	<p>“Company” or “HLCB” refers to Hong Leong Capital Berhad.</p> <p>“Board” means Board of Directors.</p> <p>“CA 2016” means the Companies Act 2016.</p> <p>“CEO” means the chief executive officer.</p> <p>“MMLR” means Main Market Listing Requirements of Bursa Malaysia Securities Berhad.</p> <p>“NRC” means the Nomination and Remuneration Committee of the Company.</p> <p>“TOR” means the Terms of Reference.</p>
Version No	Version 7.0
Reviewed and Concurred By	-
Endorsed By	HLCB NRC
Approved By	HLCB Board

 HongLeong Capital Berhad	HONG LEONG CAPITAL BERHAD	Version 7.0
	Fit and Proper Policy	Effective Date: 25 April 2023

Appendix 1

Independent Background Checks

The independent background checks to be conducted by the Company to verify the information disclosed in the F&P Declaration, shall cover, amongst others, the following areas:

- (i) **Civil Litigation**
 - Search includes all serious and minor litigation that is publicly available.
- (ii) **Criminality/Local Integrity check**
 - Search covers criminal records that are publicly available, offences from police open sourced databases, courts and enforcement agencies.
- (iii) **Cyber Vetting/Adverse Media Search**
 - Search includes all public media, online and publication search for adverse findings on the subject.
- (iv) **Global Integrity Check**
 - Search if the subject is linked to any International Sanctions, Anti Money Laundering, Counter Terrorist Financing, Interpol, Politically-Exposed Persons globally.
- (v) **Malaysian Regulatory Searches**
 - Search if the subject has been blacklisted as a cautioned individual by Malaysian Regulatory Bodies such as Bank Negara Malaysia, Securities Commission Malaysia and Malaysian Anti-Corruption Commission.