HONG LEONG CAPITAL BERHAD
- BOARD CHARTER

The Board Charter sets out the mandate, responsibilities and procedures of the Board and Board Committees in accordance with the 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 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.

2.4 A former partner of the external auditor of the Company shall not serve or be appointed as a Director of the Company until at least three (3) years after:

(a) he/she ceases to be an officer or partner of that audit firm; or

(b) the audit firm last served as an external auditor of the Company.

2.5 In recognising the merits of Board diversity in adding value to collective skills, perspectives and strengths to the Board, the Board shall consider appropriate targets in Board diversity including gender balance on the Board and shall take the necessary measures to meet these targets from time to time as appropriate. The Board shall work towards maintaining diversity on the Board in line with the Malaysian Code on Corporate Governance.

3. Terms of Reference 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, review and continuously monitor 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 that appropriate procedures are in place to govern the Board's operations;

4.5 to ensure that decisions are taken on a sound and well-informed basis, including by ensuring that all strategic and critical issues are considered by the Board and that Directors receive the relevant information on a timely basis;

4.6 to encourage healthy discussion and ensure that dissenting views can be freely expressed and discussed; and

4.7 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. Company Secretary

The Company Secretary supports the effective functioning of the Board, provides advice and guidance to the Board on policies and procedures, relevant rules, regulations and laws in relation to corporate secretarial and governance functions, facilitates effective information flow amongst the Board, Board Committees and senior management and attending meetings and recording minutes of the proceedings.

The Board shall have access to the advice and services of a qualified and competent Company Secretary to facilitate the discharge of their duties effectively.

The appointment and removal of Company Secretary shall be subject to the approval of the Board.

9. 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, which are available at the Company's website at www.hlcap.com.my:

- 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.

10. Matters Reserved & Delegated by the Board

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

Matters reserved for the Board's decision include but are not limited to the following:

10.1 business direction and key strategies;
10.2 new or changes to the Strategic Business Plans;
10.3 mergers and acquisitions;
10.4 expansion/entry into new markets and regions;
10.5 corporate restructuring/reorganisation;
10.6 establishment of new subsidiaries/joint venture partnerships;
10.7 new investments/acquisitions/disposals of significant assets;
10.8 decisions required of the Board pursuant to regulatory and statutory requirements and the Company's constitution; and
10.9 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.

11. Proceedings of Directors

11.1 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.

11.2 The Board shall meet at least four (4) times in each financial year and additional meetings may be called at any time as and when necessary.

11.3 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/her behalf.

11.4 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.

11.5 At least half of the number of the Board members shall form a quorum.

11.6 A Director who has, or potentially has, directly or indirectly, an interest in a material transaction or material arrangement or conflict of interest situation shall not be present at the Board meeting when the material transaction or material arrangement or conflict of interest situation is being deliberated by the Board. The interested Director may be counted in the quorum present at the Board meeting.

11.7 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/herself from deliberating on a particular matter.

11.8 Matters arising at any Board meeting shall be decided by a majority of votes. In case of an equality of votes, the Chairman shall have a second or casting vote, except when only two (2) Directors are eligible to vote on the matter at issue, in which event the Chairman of the Board meeting shall not have a second or casting vote, and the matter arising at the Board meeting shall be deemed to have been lost or not carried.

12. Conflict of Interest

The Company has established a Directors' Conflict of Interest Policy. Directors shall, as soon as practicable after the relevant facts have come to his/her knowledge, declare the nature and extent of his/her conflict of interest or potential conflict of interest, including interest in any competing business.

13. 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 (5) directorships in public listed companies.

14. Director's 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.

15. Director's Development

15.1 Directors must maintain a sound understanding of the businesses of the Company within the group as well as relevant market and regulatory developments. This must include a commitment to on-going education.

15.2 Newly appointed Directors are required to attend the Induction Programme of the Company, which is designed, inter alia, to assist them to familiarise and to get acquainted with the Company's business, governance process, roles and responsibilities of Directors.

15.3 Directors shall attend and complete the mandatory training programme(s) prescribed by the regulators upon their appointment to the Board.

15.4 Directors are encouraged to undertake CPD programme(s) to keep abreast of the development in the market and to discharge their duties effectively. The CPD programme(s) may encompass areas related to the industry or business of the Company, governance, risk management and regulations through a combination of courses and conferences.

15.5 The Board, assisted by the Nomination and Remuneration Committee, shall evaluate and determine the training needs of each Director as well as dedicate sufficient resources toward the on-going development of its Directors. This must include dedicating an adequate budget, having in place development plans for Directors and regularly updating such plans to ensure that each Director possesses the knowledge and skills necessary to fulfil his/her responsibilities.

16. Review of Board Charter

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

17. Definitions

"Board"	Board of Directors of Hong Leong Capital Berhad.
"CEO"	Chief Executive Officer.
"Company or HLCB"	Hong Leong Capital Berhad.
"CPD"	Continuing Professional Development.