

**HONG LEONG CAPITAL BERHAD
TERMS OF REFERENCE OF THE NOMINATION AND REMUNERATION COMMITTEE
("NRC")**

1. Composition

The NRC shall:

- 1.1 have at least three directors;
- 1.2 comprise only non-executive directors, with a majority of them being independent directors;
- 1.3 be chaired by an independent director who is not the Chairman of the Board; and
- 1.4 comprise directors who have the skills, knowledge and experience relevant to the responsibilities of the NRC.

2. Secretary

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

3. Terms and Reference

3.1 Nomination

- 3.1.1 To establish clear, formal and transparent policies and procedures for the appointment and re-appointment of members of the Board, Board Committees and CEO of the Company, where applicable.
- 3.1.2 To recommend to the Board the minimum criteria and skill sets for appointments to the Board, Board Committees and for the position of CEO of the Company, where applicable.
- 3.1.3 To review and recommend to the Board all Board appointments and re-appointments of the Company including the CEO, where applicable.
- 3.1.4 To review and recommend to the Board suitable persons for appointment as member of the Board Committees of the Company.

3.2 Fit and Proper Assessment

- 3.2.1 To assess the fitness and propriety of Directors, CEO and Company Secretary of the Company in accordance with the relevant Fit and Proper Policy of the Company to ensure that they are not disqualified and that they comply with the fit and proper requirements as may be specified under the CA 2016 or any applicable regulations, and to make the necessary recommendation to the Board of the Company.
- 3.2.2 To recommend to the Board the termination or removal of a Director, CEO, or Company Secretary of the Company, if the individual concerned is ineffective, errant, or negligent in discharging his/her duties or if a Director, CEO, or Company Secretary becomes disqualified and no longer complies with any of the fit and proper requirements as may be specified under the CA 2016 or any applicable regulations.

3.3 Annual Evaluation

- 3.3.1 To review the overall composition of the Board in terms of the appropriate size, skills, diversity, the balance between executive directors, non-executive directors and independent directors, mix of skills and other core competencies required.
- 3.3.2 To assess annually the performance and effectiveness of the Board, Board Committees and each individual director.
- 3.3.3 To review annually the term of office and performance of the 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.
- 3.3.4 To oversee the review and performance evaluation of the CEO, the Senior Management Officers and Other Material Risk Takers of the Group.

3.4 Remuneration

- 3.4.1 To review and recommend to the Board for approval the specific remuneration packages for the appointment of the executive director(s) and the CEO of the Company.
- 3.4.2 To oversee the annual review of the remuneration of CEO, Senior Management Officers and Other Material Risk Takers of the Group.
- 3.4.3 To periodically review the remuneration of Directors on the Board, particularly on whether the remuneration remains appropriate to each Director's contribution, taking into account the level of expertise, commitment and responsibilities undertaken.

3.5 Succession Management

- 3.5.1 To regularly review succession plans for the Board of the Company to promote Board renewal and address any vacancies.
- 3.5.2 To oversee the succession planning and talent management of Senior Management Officers of the Group.

3.6 Directors' Development

- 3.6.1 To evaluate the training needs of each Director, and to ensure that all Directors of the Company receive appropriate and continuous training to keep abreast of the latest development in the industry.
- 3.6.2 To ensure that sufficient resources are dedicated towards the ongoing development of the Directors of the Company.

4. Authority

- 4.1 The NRC is authorised by the Board to:
- (a) review any activity of the Company within its Terms of Reference;
 - (b) seek any information it requires from any Director or member of Senior Management Officers, and all employees are directed to co-operate with any request made by the NRC, including but not limited to providing the NRC with sufficient support and resources required to investigate any matter within the mandates of the NRC; and
 - (c) obtain independent legal or other professional advice as it considers necessary.
- 4.2 The Board remains fully accountable for any authority delegated to the NRC.

5. Group Governance

- 5.1 HLFG as an apex entity has overall responsibility for ensuring the:
- (a) establishment and operation of a clear governance structure within the HLFG Group; and
 - (b) implementation of prudential standards in providing sufficient coverage of material risks arising from the activities of the HLFG Group.
- 5.2 Subject to relevant regulatory requirements, HLCB shall provide relevant information to HLFG on matters which present material risks to itself or to the HLFG Group as a whole, and consider the remedial or corrective actions recommended by HLFG to address such material risks.
- 5.3 HLFG's Human Resource function may propose objectives, strategies, plans, governance framework and policies for adoption and implementation throughout the HLFG Group.
- 5.4 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.

6. Convening of Meetings

- 6.1 The NRC shall hold at least two (2) meetings (which may include meetings conducted via telephonic and video conference) in each financial year to be convened by the Secretary to the NRC.
- 6.2 Upon the request of any NRC Member, the NRC Chairman shall convene a meeting of the NRC to consider any matters which the NRC Member believes should be brought to the attention of the NRC.
- 6.3 The CEO, representatives of Human Resources Department and other employees of the Group are invited to attend the NRC meetings, whenever required.

7. Notice of Meetings

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

8. Recording of Proceedings

- 8.1 The NRC Members shall cause minutes to be made of all proceedings and decisions taken at NRC meetings, and of the attendances thereat.
- 8.2 A copy of the minutes of each meeting shall be circulated to every member of the Board.
- 8.3 The minutes are to be signed by the NRC Chairman at the next succeeding meeting. Any minutes signed by the NRC 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.
- 8.4 The minutes of the NRC shall be kept by the Secretary to the NRC at the registered office of the Company and shall be opened to inspection of the Board at any time.
- 8.5 After each NRC meeting, the NRC shall report and update the Board on significant issues and concerns discussed during the NRC meetings and where appropriate, make the necessary recommendations to the Board.

9. Quorum

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

10. Decisions

- 10.1 Questions arising at any NRC meeting shall be decided by a majority of votes. In the case of equality of votes, the NRC Chairman shall have a second or casting vote except when only two (2) members are competent to vote on the question at issue in which event the NRC Chairman shall not have a second or casting vote and the question arising at the NRC meeting shall be deemed to have been lost or not carried.
- 10.2 A member of the NRC 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 NRC meeting when the material transaction or material arrangement or conflict of interest situation is being deliberated by the NRC. The interested NRC Member may be counted in the quorum present at the NRC meeting.

11. Circular Resolutions

- 11.1 A resolution in writing signed by a majority of NRC 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 NRC Members.
- 11.2 For the purpose of this provision, “in writing” and “signed” include approval by facsimile, email and other electronic means.

Definition

“BARMC”	refers to the Board Audit and Risk Management Committee.
“Board”	refers to Board of Directors.
“CA 2016”	refers to Companies Act 2016.
“CEO”	refers to Chief Executive Officer.
“Company” “HLCB”	or refers to Hong Leong Capital Berhad.
“Group”	refers to the Company and its subsidiaries.
“Group Company”	refers to a subsidiary of the Company that is governed by Bank Negara Malaysia.
“HLFG”	refers to Hong Leong Financial Group Berhad.
“HLFG Group”	refers to HLFG and its subsidiaries.
“Other Material Risk Takers”	<p>refers to officers who are not members of Senior Management Officers and who:</p> <p>(a) can materially commit or control significant amounts of the Group Company’s resources or whose actions are likely to have a significant impact on its risk profile; or</p> <p>(b) is among the most highly remunerated officers in the Group Company.</p> <p>The list of Other Material Risk Takers is reviewed regularly by the CEO of the Group Company.</p>
“Senior Management Officers”	<p>refers to officers who:</p> <p>(a) are performing a senior management function whose primary or significant responsibility is for the management and performance of significant business activities of the Group Company; or</p> <p>(b) assume primary or significant responsibility for key control functions of the Group Company.</p> <p>The list of Senior Management Officers is reviewed regularly by the CEO of the Group Company.</p>