
**HONG LEONG ASSET MANAGEMENT BHD (“the Company”)
- 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 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**”) 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) and not more than nine (9).
- 2.2 The composition of the Board must fulfil the requirements set out in the legislations, guidelines and/or rules applicable to the Company, which at the date of adoption of this Board Charter includes the following:
 - (i) The Board shall comprise of at least 2 or one-third independent members;
 - (ii) The Board shall have at least 1 Director of Bumiputera descent;
 - (iii) The Board shall have at least 1 Director who is a holder of Capital Market Services Representative Licence;
 - (iv) The Board shall comprise at least 30% women Directors, guided always by the computation process provided by the relevant regulatory authorities; and
 - (v) Directors must not hold office as director of more than one management company at any one time, unless the management companies are related companies.
- 2.3 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:
 - (i) he/she ceases to be an officer or partner of that audit firm; or
 - (ii) the audit firm last served as an external auditor of the Company.

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, 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 management succession 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 Company and its subsidiary;
- 3.12 oversee the selection, performance, remuneration and succession plans of 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; and
- 3.14 oversee the implementation of the Anti-Bribery and Corruption Policy of the Company ("**ABC Policy**") and carry out its responsibilities as set out in the ABC Policy.

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 operation;
- 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 Committee whose composition, functions, responsibilities and authority delegated by the Board are set out in its Board Committee's terms of reference per Appendix A:

- Board Audit and Risk Management Committee.

The Board Committee 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 Committee.

10. Matters Reserved & Delegated by the Board

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

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

- (i) business direction and key strategies;
- (ii) new or changes to the Strategic Business Plans;
- (iii) mergers and acquisitions;
- (iv) expansion/entry into new markets and regions;
- (v) corporate restructuring/reorganisation;
- (vi) set-up new subsidiaries/joint venture partnerships;
- (vii) new investments/acquisitions/disposals of significant assets;
- (viii) decisions required of the Board pursuant to regulatory and statutory requirements; and
- (ix) 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 meets at least four (4) times a 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, 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.
- 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 from deliberating on a particular matter.

12. Conflict of Interest

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

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.

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.

14. 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.

15. Director's Development

- 15.1 Directors must maintain a sound understanding of the businesses of the Company as well as relevant market and regulatory developments. This must include a commitment to ongoing education.
- 15.2 Newly appointed Directors are required to attend the Induction Program 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 continuing professional development ("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 shall evaluate and determine the training needs of each Director as well as dedicate sufficient resources toward the ongoing 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.

HONG LEONG ASSET MANAGEMENT BHD
- BOARD AUDIT AND RISK MANAGEMENT COMMITTEE**TERMS OF REFERENCE****Constitution**

The BARMC of HLAM has been established since 23 June 2022.

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

1. Oversee Senior Management's implementation of the Company's governance, risk management and internal control framework/policies.
2. Ensure Senior Management meets the expectations on risk management.
3. Ensure 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 subsidiary.

Composition

1. The BARMC shall:
 - a) have at least three directors;
 - b) comprise only non-executive directors, with at least two (2) directors or one-third (1/3) of the BARMC, whichever is the higher, being independent directors at all times;
 - c) be chaired by an independent director who is not the Chairman of the Board; and
 - d) comprise directors who have the skills, knowledge and experience relevant to the responsibilities of the BARMC.
2. A former partner of the external auditor of the Company shall not serve or be appointed as a member of the BARMC 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.

-
3. A member of the BARMC shall not hold office as:
- a) a Shariah adviser for any fund of the Company;
 - b) a member of the panel of advisers for any fund of the Company; and
 - c) an officer who carries on the fund management function for any fund of the Company.

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, re-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 monitor and assess the effectiveness of the external audit, including the review of the assistance given by the employees of the Company to the external auditor of the Company and auditors appointed by the trustees of the funds of the Company.
- 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 interim financial reports and annual financial statements of the Company submission to the Board, focusing particularly on:
 - a) changes in or implementation of significant accounting policies and practices;
 - b) significant matters highlighted including financial reporting issues, material judgments made by management, material and unusual events or transactions, and how these matters are addressed;
 - c) material adjustments arising from the audit;
 - d) the going concern assumptions; and
 - e) compliance with accounting standards and other legal requirements.

Related Party/Connected Party Transactions and Conflict of Interest Situations

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, review conflict of interest situation that arose, persist or may arise within the Company, and the measures taken to resolve, eliminate or mitigate such conflicts.

Internal Audit

1. To review and approve the adequacy of the internal audit scope, objectives, procedures, frequency and plan.
2. To assess the performance and effectiveness of the internal audit function by an established mechanism to satisfy itself that the internal audit function is effective.
3. To review the adequacy and effectiveness of internal controls and risk management processes.
4. 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.
5. 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.
6. To provide oversight on the adequacy of resources of the internal auditors. This includes a regular review to determine whether the internal audit function has the authority and 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 once 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.
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 an 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 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.
12. 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 relevant to the business and operations of the Company.
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, risk appetite and risk tolerance for Board's approval.
4. To review periodic risk reports.
5. To review the adequacy and effectiveness of the internal controls and risk management process.
6. To review, at least once annually, the adequacy of risk management policies and frameworks in identifying, measuring, monitoring, controlling and reporting risk and the extent to which these are operating effectively.
7. 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.
8. To review Senior Management's implementation of risk management as set out in the applicable regulations and guidelines issued by the relevant regulatory authorities.
9. To engage privately with the CRO on a regular basis (and in any case at least once annually) to provide the opportunity for the CRO to discuss issues faced by the risk management function.
10. To review the appropriateness of the risk measurement methodologies including stress testing analysis and assumptions made within the methodologies, under the prevailing business environment.
11. To review the effectiveness in implementation and maintenance of liquidity risk management.
12. To provide oversight and accord sufficient priority and resources to manage technology risk as part of the overall risk management framework of the Company.
13. To provide oversight over the outsourcing arrangements to ensure the adequacy of the outsourcing policies and procedures of the Company.

14. 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;
 - b) reviewing the compliance function and the position of the HC to ensure the compliance function and the HC 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 HC;
 - e) reviewing 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; and
 - f) updating the Board on all significant compliance matters, including providing its views on (a) to (e) above.
2. In relation to the role of the HC, support the Board in meeting the expectations on compliance management by:
 - a) reviewing and advising on the appointment, remuneration and termination of the HC;
 - b) ensuring that the HC has sufficient stature to allow for effective engagement with the CEO and other members of Senior Management;
 - c) engaging privately with the HC on a regular basis (and in any case at least once annually) to provide the opportunity for the HC to discuss issues faced by the compliance function;
 - d) ensuring that the HC is supported with sufficient resources, including competent officers, to perform his/her duties effectively; and
 - e) where the HC 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 HC.
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.

Others

1. To review the interim and annual reports of each fund under the Company's PRS and the annual report of the Company as a PRS Provider.

HLFG Group Governance

1. Noted that:
 - a) HLFG as an apex entity has overall responsibility for ensuring:
 - i) the establishment and operation of a clear governance structure within the HLFG Group; and
 - ii) the implementation of prudential standards in a manner providing sufficient coverage of material risks arising from the activities of the HLFG Group.
 - b) Subject to relevant regulatory requirements, the Company shall provide relevant information to HLFG on matters which present material risks to itself or the HLFG Group as a whole, and consider the remedial or corrective actions recommended by HLFG to address such material risks.
 - c) The Board's responsibility is to promote the adoption of sound corporate governance principles throughout the HLFG Group.
 - d) HLFG's audit, risk and compliance functions may propose objectives, strategies, plans, governance framework and policies for adoption and implementation HLFG Group-wide.
 - e) 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. HLAM'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:

1. review any activity of the Group within its Terms of Reference;
2. 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, including but not limited to providing the BARMC with sufficient support and resources required to investigate any matter within the mandates of the BARMC; and
3. obtain independent legal or other professional advice as it considers necessary.

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

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 interim financial reports and annual financial statements are held prior to such interim financial reports and annual financial statements being presented to the Board for approval.

The CEO, CRO, HC, 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. A BARMC member who has, directly or indirectly, an interest in a material transaction or material arrangement or conflict of interest situation shall not be present at the BARMC meeting when the material transaction or material arrangement or conflict of interest situation is being deliberated by the BARMC. The interested BARMC member may be counted in the quorum present at the BARMC meeting.

Two (2) members of the BARMC, who shall be independent, shall constitute a quorum and majority of the members present must be independent directors. No business shall be transacted at any BARMC meeting unless a quorum is present at the commencement of the meeting and when conducting the business of the meeting.

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
“CEO”	means the Chief Executive Officer
“CFO”	means the Chief Financial Officer
“Company” or “HLAM”	means Hong Leong Asset Management Bhd
“CRO”	means the Chief Risk Officer
“Fund”	means any fund of the Company
“Group”	means the Company and its subsidiary(ies)
“HC”	means Head, Compliance
“HLFG”	means Hong Leong Financial Group Berhad
“HLFG Group”	means HLFG and its subsidiaries
“PRS”	means Private Retirement Scheme
“Senior Management”	means the CEO and Heads of Departments of the Company
“Whistleblowing Policy and Procedures”	means the Whistleblowing Policy and Standard Operating Procedures