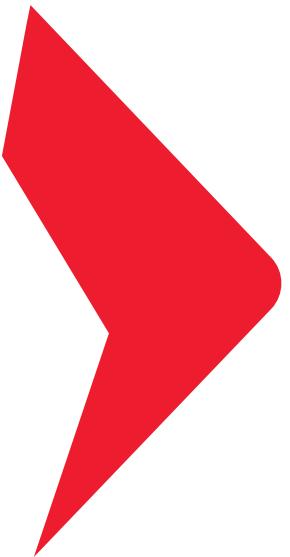




A Prudential plc company The Prudential logo, which is a stylized, thin-lined "P" shape.

## EASTSPRING INVESTMENTS BERHAD

### BOARD CHARTER



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## **BOARD CHARTER**

### **1. Overview**

- 1.1. The Terms of Reference (“ToR”) sets out the principal functions, composition, roles and responsibilities of the Board of Directors (the “Board”) of Eastspring Investments Berhad (the “Company”) whilst providing effective oversight of the strategic direction, management performance, risk management and controls over business operations.
- 1.2. The Company is a direct wholly-owned subsidiary of Eastspring Investments Group Private Ltd (the “Shareholder”) and part of the group of entities owned by Prudential plc.
- 1.3. The Board is authorised to exercise all the powers of the Company within any applicable legislation and the provision of the constitutional documents subject to the limits imposed, approvals required and policies set by the Shareholder.

### **2. Board Functions**

- 2.1. The business and affairs of the Company must be managed by, or under the direction of, the Board.
- 2.2. The Board has primary responsibility for:
  - (i) the oversight of the overall performance of the Company and its obligations to the Company's Shareholder and stakeholders;
  - (ii) good corporate governance of the Company; and
  - (iii) compliance with all laws, regulations and guidelines.
- 2.3. The directors should:
  - (i) have a clear understanding of the aims and objectives, capabilities and capacity of the Company;
  - (ii) ensure at all times that the company is properly managed and effectively controlled;
  - (iii) stay abreast of the affairs of the company and be kept informed of the Company's compliance with relevant legislations and contractual requirements;
  - (iv) insist on being kept informed on all matters of importance to the Company in order to be effective in corporate management;
  - (v) limit their directorship to a manageable number of companies to which they can best devote their time and effectiveness. Each director is their own judge pertaining to their abilities and how best to manage their time effectively in the companies in which they hold directorships;
  - (vi) have access to the advice and services of the company secretary;
  - (vii) at all times exercise his powers for the purposes they were conferred, for the benefit and prosperity of the Company;
  - (viii) disclose immediately and fully all contractual interests whether directly or indirectly with the Company
  - (ix) neither divert to his own advantage any business opportunity that the Company is pursuing, nor may he use confidential information obtained by reason of his office for his own advantage or that of others;

- (x) at all times act with utmost good faith towards the Company in any transaction and to act honestly and responsibly in the exercise of his powers in discharging his fiduciary duties;
- (xi) be conscious of the interest of shareholders and other stakeholders, among others, employees, creditors, suppliers and customers of the Company; and
- (xii) adopt an objective and positive attitude and give the utmost cooperation for the common good when dealing with governmental authorities or regulatory bodies.

2.4. The directors are responsible to among others:

- (i) exercise vigilance and professional scepticism in understanding and shaping the strategic direction of the Company;
- (ii) exercise independent judgment in decision making and provide sound and objective advice, and if necessary, in their fiduciary duty, openly oppose if the vital interest of the Company is at stake;
- (iii) devote sufficient time to prepare, attend board meetings, contribute constructively to board discussions and decision-making and conduct due inquiry before approving a matter;
- (iv) maintain sound understanding of the business, the industry and undertake continuous professional development to support the effective discharge of the roles and responsibilities as a director of the Company and keep abreast with corporate governance developments and regulatory requirements;
- (v) ensure conflicts of interest are disclosed and necessary steps are taken to address such conflicts;
- (vi) ensure that reasonable steps are taken in accordance with relevant laws and to properly wind up or strike off the company register if the Company is not likely to commence business or has ceased to carry on business and is not likely to commence business in the future or again to carry on business, as the case may be;
- (vii) ensure employees fully understand and appreciate the value of good corporate governance practices and procedures through ongoing training, awareness programmes and robust communication;
- (viii) ensure adequate safety measures and provide proper protection to workers and employees at workplaces; and
- (ix) at all times promote professionalism and raise the competency of management and employees.

2.5. The Board is responsible for:

(a) **Strategy, Budgets and Business Plans**

- (i) Approving the Company's business strategy, long-term objectives, annual budgets, and business plan;
- (ii) Monitoring the implementation of the Company's strategy and long-term objectives, annual budgets and business plan and overseeing any corrective action taken by the Company; and
- (iii) Having an overall responsibility to oversee the business and affairs of the Company and ensuring that the Board:

- (a) promotes a corporate culture which reinforces ethical, prudent and professional behaviour, honesty, fairness, trust and high performance;
- (b) governs and sets clear strategic direction which includes approving and overseeing the Company's strategic objectives, governance framework, risk appetite, policies and procedures and business plan;
- (c) ensures that the strategic plan of the Company supports long-term value creation and considers material sustainability risks and opportunities; and
- (d) oversees, reviews, challenges and decides on management's proposals and strategies, monitors the progress of implementation by management and evaluate management's performance in undertaking its role.

**(b) Structure and Capital**

- (i) Approving the following matters:
  - (A) material changes to the Company's corporate structure, including decisions to cease operations in parts of the Company or to extend activities into new business or geographic areas;
  - (B) material changes to the Company's capital structure, including reduction of capital, share issues and the reorganisation or restructuring of capital after obtaining prior approval from Shareholder;
  - (C) the raising of or committing to external finance and financing programmes; and
  - (D) material transactions and other matters that require referral to the Shareholder.

**(c) Financial Reporting and Dividends**

- (i) Approving the Company's financial statements;
- (ii) Approving the payment of dividends;
- (iii) Approving accounting policies;
- (iv) Endorsing the proposed appointment, reappointment or removal of the external auditor; and
- (v) Regularly reviewing the overall financial condition of the Company and its subsidiaries (if any), and any relevant credit ratings (if applicable) and regulatory capital requirements;
- (vi) Reviewing the management's certifications in respect of half yearly and annual results.

**(d) Internal Control and Risk Management**

- (i) Ensuring an effective system of internal control and risk management is in place to monitor and adequately manage the Company's material risks and that there are adequate and effective operational procedures, internal controls for assessing, measuring, controlling, monitoring and reporting of risks taking into consideration the Guiding Principles on Business Continuity stipulated by the SC. The system is to be maintained and reviewed annually;
- (ii) Set the risk appetite within which the Board is expecting this management to operate and ensuring there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks, the overall risk appetite and tolerance of the Company and its subsidiaries (if any) adheres to the risk framework, policies and limits;
- (iii) Determining the Company's risk appetite and tolerance including the nature and extent of material risks, which the Board is willing to take in achieving its strategic objectives;
- (iv) Approving and ensuring the Company's risk appetite and risk framework and policies within the limits set out at Item 2.4.(d)(ii) above and commensurate with the Company's size, complexity and risk profile; and
- (v) Overseeing, and approving where applicable, material disclosures to, and regular reporting required by, regulators.
- (vi) monitoring the effectiveness and objectivity of the internal and external auditors;
- (vii) considering any findings of major investigations (including "SpeakOut"/whistleblowing cases that are escalated to the Company) that have internal control impact and management's response to these
- (viii) reviewing the framework and effectiveness of the Company's systems of internal control, which includes financial reporting, risk management, the adequacy of resources, qualifications and experience of accounting, internal audit, compliance and financial reporting staff and their training programmes
- (ix) Ensuring that the risk management function is sufficiently independent and adequately resourced with personnel who have the requisite experience and qualifications, including market and products knowledge and command of risk discipline;
- (x) seeking assurance from management that they have performed their duty in respect of their application of the Group Risk Framework and satisfying themselves that any deviations from Regional Policies are appropriate, and documenting the rationale for such deviations;
- (xi) reviewing management, risk and compliance, external and internal auditors' reports on the effectiveness of systems for internal control, financial reporting

and risk management, where applicable including certifications provided pursuant to the Group Governance Manual;

- (xii) promoting strong risk awareness culture through robust communication on risk and controls across the Company and through reporting to the Board and senior management. and
- (xiii) ensuring that the Company's controls, policies and procedures (CPP) are:
  - (A) appropriate to and commensurate with the nature, scale and complexity of the business of the Company and are properly documented.
  - (B) continuously monitored for the CPP's compliance; and
  - (C) reviewed on a regular basis to ensure that the CPP remain relevant and effective.

**(e) Board, Committee and Key Appointments**

- (i) Taking the following actions:
  - (A) Implementing changes to the structure, size and composition of the Board and membership;
  - (B) Approving the appointment and removal of directors of the Board;
  - (C) Ensuring that each of its directors fulfils the fit and proper requirements under the SC's Licensing Handbook and selection criteria identified in Appendix 1;
  - (D) Ensuring appointment of the Board and senior management are in the best interest of the Company and the public;
  - (E) Approving the appointment and removal of members and chair of the relevant board committees;
  - (F) Approving the appointment and removal of the company secretary;
  - (G) Reviewing and approving succession plan and talent management process for the Board, senior management of or key functions in the Company; and.

**(f) Governance**

- (i) Ensuring the Company adheres to the governance policies and reviewing any deviations from Group Policies as defined by Group Governance Manual;
- (ii) Authorising any actual or potential conflict of interest situation applying to any director;
- (iii) Authorising the Company's company secretary to arrange for all directors to obtain, at the Company's expense, appropriate external professional advice

where necessary and if necessary, to invite external advisers with relevant experience to attend meetings of the board; and

- (iv) Reviewing management's certifications in respect of their adherence to the Group Governance Manual.

**(g) Delegation of Authorities**

- (i) The Board has delegated specific powers of the Board to the following Board Committees and the Chief Executive Officer ("CEO") in discharging its functions and responsibilities:
  - (A) The IC shall provide oversight on the management of investments by the Company and to assist the Board in their responsibilities in developing, evaluating and monitoring the Company's investment management policies, strategies and performance;
  - (B) The Risk Management Committee serves as the main management forum for the formal consideration of risk management issues and to ensure that risks are being appropriately identified, monitored, mitigated, managed and communicated; and
  - (C) The CEO has responsibility for the operational management of the Company and may sub-delegate his authority as he determines;
- (ii) The Board may delegate authority to a number of ad hoc committees of the Board; and
- (iii) The Board shall monitor the functions of the Board Committees and other ad hoc committees, including regularly reviewing reports from the committees and approving the respective ToRs, as well as deliberating on any issues or information arising from the annual self-evaluation exercise of the Board Committees.

**(h) External Audit**

- (i) at the beginning of each audit cycle, ensuring that appropriate plans are in place for the audit with the Company's auditors and that the scope of the audit plans reflects the terms of the engagement letter;
- (ii) before the audit commences, discussing with the external auditors the nature and scope of the audit and reviewing the auditors' quality control procedures and steps taken by the auditors to respond to changes in regulatory and other requirements;
- (iii) receiving progress reports as deemed necessary by the Committee at least on annual basis on activity and issues arising from the external audits;
- (iv) following the audit, discussing and reviewing the findings with the external auditors; and

(v) considering management's response to any major external audit.

i) **Internal Audit**

- (i) establishing an internal audit function to enhance its internal controls and governance processes;
- (ii) reviewing the effectiveness and performance of Group-wide Internal Audit, ensuring it is adequately resourced and free from constraint, performs adequate and effective internal audit activities during the year, carries out appropriate risk-based assessment and has the appropriate standing with the Company;
- (iii) reviewing and approving the internal audit programme and endorsing the said programme for approval by the Group Audit Committee, requesting where appropriate that internal audit undertakes specific work and monitor significant internal audit findings from the audit programme and investigations, including management's response to them, to ensure matters raised are resolved in a manner that does not jeopardise or prejudice clients' interests;
- (iv) receiving regular (at least quarterly) progress reports on activity and issues arising from the audit conducted on the Company;
- (v) ensuring the Group-wide Internal Audit has a direct reporting line to the Board; and
- (vi) confirming that all significant internal audit issues have been escalated to the Board, Chief Internal Auditor, Group-wide Internal Audit Asia, Eastspring Investments Group Private Limited ("EIGP") Audit Committee ("AC") and/or the Company's statutory external auditor, where applicable

j) **Compliance**

- (i) reviewing, and seeking assurances on, the effectiveness of the Company's compliance framework;
- (ii) ensuring the compliance approach and policies, including remuneration and incentive structure, promotes and cultivates a compliance culture;
- (iii) reviewing and approving the compliance programme including progress and key control findings from Compliance reviews, and ensure that the compliance function is adequately resourced and has appropriate standing within the Company and where appropriate to request that the compliance function undertakes specific work;
- (iv) ensuring compliance function is undertaken by a Head of Compliance who:
  - (a) has the necessary experience and competency,
  - (b) is independent;
  - (c) adequately resourced; and

- (d) given the necessary authority and direct access to the Board.
- (v) ensuring compliance function is responsible for the following:
  - (a) promoting and monitoring the integrity of the Company and ensuring that the Company acts responsibly and observes all applicable regulatory obligations;
  - (b) advising the Board and senior management on compliance related laws, rules and standards and keep them informed of ongoing development; and
  - (c) advocating compliance culture including promoting awareness on applicable regulatory obligations and provides guidance to staff on compliance issues.
- (vi) receiving regular (at least quarterly) written progress reports on activity and issues arising from the compliance functions, including but not limited to:
  - (a) any material changes or recommendations made in respect of the Company's compliance policies and procedures;
  - (b) listing out all breaches of applicable legal and regulatory requirements and steps taken to remedy and prevent such breaches from recurring;
  - (c) listing out all clients' complaints; and
  - (d) a summary of all material reports by regulators.

**k) Attestations**

- (i) reviewing annually the known population of attestations to be provided to external parties on behalf of the Company (including those requested by the regulators), and on a case by case basis determine the respective assurance required from the second and third-line of defence on the information and data supporting the attestation required, where applicable;
- (ii) reviewing all additional unforeseen attestation requests with detail of the proposed assurance to be sought, if any. A summary of all such requests and the response agreed are to be reported in the subsequent Committee's meeting; and
- (iii) receiving an update from the risk and compliance functions on the results of their assurance activities as and when appropriate.

**l) Remuneration**

The Board must ensure that the remuneration of the Board, senior management and other employees are determined after having considered among others—

- (i) scale, activity and performance of the business;
- (ii) roles and contribution of each individual;
- (iii) need to promote compliance culture, prudent risk taking behaviour and alignment with investors' best interest; and
- (iv) alignment with the corporate strategies, values and sustainability of the Company.

**m) Outsourcing**

The Board shall remain accountable for all outsourced functions and must establish effective policies and procedures on the outsourcing arrangement.

n) **Environmental, Social and Governance (“ESG”)**

The Board shall take accountability for ESG in the Company by –

- (i) integrating sustainability considerations into all aspects of decision-making, including strategic planning, risk management and investment decisions;
- (ii) ensuring that the Company sets its sustainability strategies, goals and targets which are aligned with the Company's overall strategy and vision;
- (iii) being more proactive to the needs of the community and to adopt appropriate policies and initiatives towards achieving sustainability in the social, economic and environmental conditions in furtherance of the pursuit of profitability;
- (iv) striving to treat employees fairly and promote quality of life by adopting sustainable corporate social responsibilities;
- (v) ensuring that the Company's policies are in line with international trends to promote human rights in the corporate environment;
- (vi) ensuring that the activities and the operations of the Company do not harm the interest and well-being of the environment and the society at large; and
- (vii) ensuring effective use of natural resources and continuously reducing its carbon footprint.

o) **Corporate Liability**

The Board must ensure that the Company –

- (i) practices the highest level of integrity and ethics;
- (ii) complies fully with the applicable laws and regulatory requirements on anti-corruption;
- (iii) effectively manages the key corruption risks of the organisation;
- (iv) puts in place the appropriate controls and contingency measures that are reasonable and proportionate to the nature and size of the organisation, in order to address any corruption risks arising from weaknesses in the organisation's governance framework, processes and procedures;
- (v) conducts corruption risk assessments periodically to identify, analyse, assess and prioritise the internal and external corruption risks of the organisation;
- (vi) provides employees and business associates with adequate training to promote their understanding of the organisation's anti-corruption position, especially in relation to their role within or outside the commercial organisation in the context of the Company;
- (vii) conducts regular reviews to assess the performance, efficiency and effectiveness of the anti-corruption programme and ensure the programme is enforced;
- (viii) ensure that the Company's anti-corruption policy be made publicly available and should also be appropriately communicated to all employees and business associates

p) **Anti-Money Laundering, Counter Financing of Terrorism, Countering Proliferation Financing and Targeted Financial Sanctions for Reporting Institutions in the Capital Market (“AML/CFT/CPF”)**

The Board must:

- (i) maintain accountability and oversight for establishing AML/CFT/CPF policies and procedures, which includes:
  - (1) ensure that the company adopts policies and procedures which are consistent with the principles set out under Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (“AMLA”) and SC’s Guidelines on Prevention of Money Laundering, Countering Financing of Terrorism, Countering Proliferation Financing and Targeted Financial Sanctions for Reporting Institutions in the Capital Market (“Guidelines”) and approve the policies and procedures within the Company regarding AML/CFT/CPF measures include but are not limited to those required for risk assessment, mitigation and profiling, customer due diligence (CDD), record keeping, enhanced CDD and ongoing due diligence, suspicious transaction report and targeted financial sanctions;
  - (2) ensure that the policies and procedure are implemented effectively by the senior management;
  - (3) monitor the effectiveness of the implementation of the policies and procedures;
  - (4) ensure that the policies and procedures are periodically reviewed and improved where required in line with the changes and developments in the reporting institution’s products and services, technology as well as trends in ML/TF/PF, technology, regulatory development, nature of business to capture changes in distribution channel, clients’ segment and etc;
- (ii) provide oversight and accord adequate priority and dedicated resources to manage ML/TF/PF risks faced by the Company including defining the lines of authority and responsibility for implementing AML/CFT/CPF measures;
- (iii) ensure effective independent audit function in assessing and evaluating the robustness and adequacy of overall AML/CFT/CPF measures;
- (iv) ensure that it keeps itself updated and is aware of new or emerging trends of ML/TF/PF including the relevant UNSCRs and any order issued pursuant to section 66B of the AMLA, and understand the potential impact of such developments to the Company;
- (v) keep abreast with international development relating to PF, including the relevant United Nations Security Council Resolutions (“UNSCR”) on weapons of mass destruction and Financial Action Task Force (“FATF”) recommendations on proliferation financing; and
- (vi) also ensure that the Company –
  - (1) conducts its business in conformity with high ethical standards to ensure that laws and regulations are adhered to; and
  - (2) remain vigilant against undertaking any business transaction that is or may be connected with or may facilitate money laundering/terrorism financing/proliferation financing (“ML/TF/PF”) and ensure that approval is not given for transactions where there are good reasons to suppose that transactions are associated with ML/TF/PF activities.

q) **Technology Risk Management\***

The Board must –

- (i) approve the Technology Risk Management (“TRM”) Framework of a capital market entity and its policies;
- (ii) approve the risk appetite and risk tolerance statement which provides clarity as to the nature and degree of technology risk within the risk acceptance of the capital market entity;
- (iii) ensure that the TRM Framework and policies are robust and sound, and commensurate with the risk exposure of the capital market entity in achieving security, reliability and resilience of its IT operating environment;
- (iv) oversee the effective implementation of the TRM Framework and policies and procedures, which may include setting performance metrics and indicators as appropriate;
- (v) ensure that the TRM Framework is regularly reviewed and updated by the senior management for the approval of the Board at least once every 3 years;
- (vi) ensure that the policies are regularly reviewed and updated by the senior management for the approval of the Board at least annually;
- (vii) ensure that the strategies formulated within the TRM Framework are adequately designed to address the technology risk that the capital market entity may be exposed to;
- (viii) ensure appropriate internal controls are in place for the effective implementation of the TRM Framework;
- (ix) ensure the impact of technology risk is adequately assessed prior to the capital market entity undertaking new activities, which may include any proposed investments, merger and acquisition, adoption of new technology and outsourcing arrangement;
- (x) ensure adequate resources are allocated for technology risk management, including identifying at least one responsible person from among the senior management:
  - (1) who would be responsible for the day-to-day oversight and management of technology risk;
  - (2) who would be responsible for the implementation of the technology and cyber security strategy as determined by the Board;
- (xi) ensure clear segregated line of responsibilities and accountability across all levels and functions in the capital market entity to manage technology risk; and
- (xii) ensure that the Board keeps itself up to date with new and emerging trends of technology risk including cyber threats and understand the potential impact of such threats to the capital market entity; and
- (xiii) oversee the IT outsourcing arrangements and is accountable for ensuring the effectiveness of the outsourcing policies and procedures of the capital market entity.

\*Note: The requirements relating to TRM shall take effect on the effective date of the Securities Commission Malaysia’s Guidelines on Technology Risk Management

r) **Conduct for Capital Market Intermediaries**

The Board must ensure that the Company has in place controls, policies and procedures (CPP) to ensure compliance with the SC’s Guidelines on Conduct for Capital Market Intermediaries.

s) **Beneficial Ownership pursuant to Division 8A of the Companies Act 2016.**

Board of directors responsible to ensure:

- (i) the Company has exercised its powers under subsections 60C(1), (2) and (3) of the Companies Act 2016 in obtaining the beneficial ownership information from its members or any persons who is believed to be a beneficial owner;
- (ii) once the beneficial ownership information is received, the information must be recorded in the register of beneficial owners pursuant to subsection 60C(4) of the Companies Act 2016 & the register of beneficial owners shall be kept at the registered office pursuant to the requirement under subsection 60B(2) of the Companies Act 2016;
- (iii) the beneficial ownership information in the register of beneficial owners is accurate at all times; and
- (iv) the Company exercises its powers when there are reasonable grounds of changes to the beneficial ownership information stated in the register of beneficial owners pursuant to subsection 60C(5), and when there are any incorrect particulars of the beneficial owners stated in the register of beneficial owners pursuant to subsection 60C(6) of the Companies Act 2016.

t) **Business Continuity**

The Board must –

- (i) appoint a member of senior management to be in charge of Company's business continuity;
- (ii) approve the Company's business continuity framework, strategies and policies and any material updates or changes to be acknowledged, approved and endorsed by the Board; and
- (iii) ensure that business continuity related matters are reported to the Board at least annually and the signed-off documentation relating to the testing program and results by the senior management to be reported to the Board for endorsement.

u) **Product Highlight Sheet (“PHS”)**

The Board is responsible for the compliance of the requirements under Securities Commission Malaysia's Guidelines on Product Highlight Sheet including the accuracy of the content of the PHS for the offering, marketing and distribution of an unlisted capital market product.

v) **Product Governance**

The Board must –

- (i) be responsible for putting in place an effective product governance framework;
- (ii) identify a person from senior management to assess changes to the structure, feature and risk profile of an existing product for purpose of determining whether such change constitutes a significant change to the structure, feature and risk profile of the product. This assessment shall apply to products made available to investors after the effective date of the Guidelines. In making such determination, that person must evaluate the

risk implications from the perspectives of both the Company and investors. The basis for such determination must be clearly documented and maintained;

For this purpose, the designated person shall be the Head of Marketing, given their role in leading the Marketing division and focusing on product and marketing strategies.

(iii) approve all new products as well as any existing products that have undergone significant changes before they are made available to the identified target market. For this purpose, the Head of Marketing is authorised and prior to giving its approval, give due consideration to the following:

- (a) the objective of introducing the product as well as the identified target market of the product;
- (b) the key features of the product and the distribution strategy must be compatible with the identified target market;
- (c) the assessment of the potential risks associated with the product, and how these risks will be managed and disclosed to investors;
- (d) the appropriateness of the product for its identified target market including whether any fees or charges imposed is fair, and whether the product's distribution strategy is consistent with the product's identified target market;
- (e) the skills, expertise and resources required to manage any risk associated with the product throughout the product's lifecycle. This may also require controls to be put in place to identify and manage any risk;
- (f) the disclosures relating to the product including any promotional material; and
- (g) whether the product fully complies with all applicable legal and regulatory requirements or restrictions, including a description of any unresolved legal or regulatory issues.

### **3. Detail of roles and responsibilities of the Board**

3.1 The key roles and responsibilities of the Board include the following:

- (a) Ensuring only licensed and/or registered persons can carry out regulated activities;
- (b) Ensuring at least one director is a Capital Markets Service Representative License ("CMSRL") holder;
- (c) Ensuring the Company:
  - (i) Establishes, maintains and implements an effective internal control framework:
    - (A) To prevent and detect abusive or inappropriate investment practices or conflicts of interest between proprietary transactions, employees' transactions and clients' transactions;
    - (B) In respect of cyber risk management that commensurate with the Company's business;
  - (ii) Conducts at least yearly review on the effectiveness of its internal control framework; and

- (iii) Reports to the Shareholder of any findings from the review as specified in Item 3.1 (c)(ii);
- (d) Ensuring written policies and procedures are in place and regularly reviewed at least annually to:
  - (i) Enable full disclosure of clients' accounting records and assets to the clients;
  - (ii) Provide clear line of reporting, authorisation and proper segregation of functions with a view to manage conflicts of interest that may arise in the course of doing business;
  - (iii) Prevent any flow of price sensitive information between the different areas of operations of the Company or between the different companies within the Prudential group;
  - (iv) Prevent unauthorised or fraudulent transactions;
  - (v) Prevent front running, churning or any other market misconduct by directors or employees;
  - (vi) Preserve confidentiality of clients' information;
  - (vii) Mitigate the risk arising from a situation where an individual is in control of all aspect pertaining to a single transaction;
  - (viii) Monitor the service delivery, performance reliability and processing capacity of the service provider;
  - (ix) Ensure the money-laundering and terrorism financing ("ML/TF") and targeted financial sanctions relating to proliferation financing ("TFS-PF") policies, procedures and controls are effective and in line with international developments, particularly the Financial Action Task Force ("FATF") Recommendations on combating ML/TF and TFS-PF;
  - (x) Ensure due regard is given to the interests of investors in the development and distribution of the Company's funds; and
  - (xi) Ensure cyber security resilience and preparedness of the Company, including to promote awareness on cyber resilience, adequately assess the impact of cyber risk when undertaking new activities, and monitoring the effectiveness of implementation or policies and procedures;
  - (xii) on advertising to ensure compliance with the Securities Commission Malaysia's Guidelines on Advertising for Capital Market Products and Related Services;
  - (xiii) in relation to disclosure, to promote self-discipline, accountability and transparency;

(xiv) Manage conflicts of interest by ensuring the Company has policies and processes to mitigate, manage and address actual and potential conflicts of interest situation that may arise including any transaction, procedure or course of conduct that raises questions of management integrity. The policies and procedures at minimum, must:

- (a) ascertain circumstances which amount to or may give rise to conflicts of interest;
- (b) set out the policies and processes for directors to keep the Board informed of any material change to their circumstances that amount to or may give rise to a conflict of interest;
- (c) set out the disclosures required in relation to the actual or potential conflicts of interest;
- (d) identify the persons responsible for maintaining updated records on each director's conflicts of interest; and
- (e) identify and address any instances of non-compliance with the policy on conflicts of interest.

(xv) Protect the Company and management from the liabilities arising from section 17A of the Malaysian Anti-Corruption Act 2009 ("MACCA")

- (e) Ensuring the Company has a written business continuity plan in place;
- (f) Ensuring policies and procedures affecting the staff responsibilities are effectively communicated;
- (g) Ensuring competent persons are appointed to supervise and manage the Company and that such persons are always subject to oversight of the Board;
- (h) Ensuring the senior management and other employees undergo appropriate training to enable them to undertake their roles and responsibilities effectively;
- (i) Ensuring that the Company always has adequate financial, human, technology and other resources which commensurate with its business;
- (j) Ensuring that assessment is conducted on the Company's cyber security resilience and preparedness including confidentiality, integrity and availability of data and services as stipulated under the SC's Guidelines on Management of Cyber Risk;
- (k) Ensuring the Company establishes and maintains proper system of recording keeping relating to:
  - (i) The Company's information; and
  - (ii) Clients' information;
- (l) Ensuring one or more compliance officers are appointed, who:

- (i) Have the qualifications and experience as stipulated in the SC's Licensing Handbook;
- (ii) Have the necessary authority, resources and support to administer independently and effectively, the implementation of the Company's compliance policies and procedures, including among others reporting suspicious transactions;
- (iii) Must not perform any other duties that may compromise or conflict with the compliance officer's responsibilities; and
- (iv) Reports directly to the Board

(m) Ensuring all matters raised by the compliance officer, including any non-compliance with any provisions of the relevant laws, regulations and guidelines, are properly addressed;

(n) Ensuring clients' assets are safeguarded and clients received information as specified by the relevant regulations;

(o) Ensuring it undertakes an effective oversight function on the overall compliance framework of the Company;

(p) Ensuring that at least an annual review is conducted on the effectiveness of the compliance framework;

(q) Ensuring that effective and adequate support is provided to the compliance officer and that the compliance officer is not prevented in any way from discharging the officer's responsibilities including making the appropriate report to the relevant regulatory on any breaches or non-compliance;

(r) Ensuring all matters raised in the internal audit report are resolved in a manner that does not jeopardise or prejudice clients' interests; and

(s) Keeping abreast with international developments, including the relevant United Nations Security Council Resolutions on weapons of mass destruction and FATF recommendations on proliferation financing.

3.2 The Board shall escalate specific matters where it deems appropriate, to the attention of the EIGP AC and/or EIGP Risk Committee ("RC") and to minute whether or not there are any such issues at each meeting.

#### **4. Functions of the Chairman and Chief Executive Officer**

4.1 The Chairman leads the Board with a keen focus on governance, internal controls, compliance and risk management. The roles and responsibilities of the Chairman include, amongst others:

- (a) To provide leadership to the Board;
- (b) To oversee the Board in the effective discharge of its fiduciary duties;
- (c) To lead and ensure efficient and effective conduct of the Board's meetings; and
- (d) To commit time necessary to discharge the role as Chairman.

4.2 The CEO is the highest ranking officer in the Company. The CEO is responsible for the day-to-day business of the Company, within the authorities as delegated by the Board. The primary tasks for the CEO are as follows:

- (a) Strategy development, monitoring and tracking;
- (b) Business development;
- (c) Performance management;
- (d) Human resources management;
- (e) Risk management; and
- (f) Stakeholder management.

## **5. Conflicts of Interest**

5.1 As soon as practicable after a director becomes aware of any matter that gives rise or is likely to give rise to a conflict of interest in the discharge of such director's duties, the director must disclose the matter by giving written notice of the matter to each of the other directors of the Company. Under such circumstances, the director should abstain himself/herself from participating in further discussion or voting on such matters where there exist conflicts of interest.

## **6. Board Composition and Size**

6.1 The Board size and composition shall be subject to the limits imposed by the Company's Constitution and the regulatory requirements imposed upon the Company.

6.2 The composition of the Board shall have a balanced mix of skills, knowledge, expertise, experience and independence that fit the objectives and strategic goals of the Company and to ensure its effectiveness

6.3 The size of the Board must promote effective deliberation, encourage the active participation of all directors and allow the Board to undertake its roles and responsibilities effectively.

6.4 The Board must identify the criteria that will guide the selection and appointment of its directors. It shall be guided, among others, by the criteria identified in Appendix 1 of the TOR. A review

of the criteria in Appendix 1 shall be undertaken periodically to ensure its alignment with the strategic direction of the Company.

- 6.5 The Board must comprise at least 30% women directors.
- 6.6 The Board must comprise at least two independent members while maintaining a minimum ratio of at least one-third independent members at all times. The independent directors of the Company must, in addition to their duties and responsibilities as directors, represent and safeguard the interests of unit holders of the unit trust funds of which the Company is the management company or product issuer. In the event of change to the composition whereby the minimum ratio of independent members is not maintained, necessary steps must be taken to rectify as soon as possible and no later than three months from date of change.
- 6.7 An independent director means a director who is free of any relationship with the Company, or a controlling shareholder of the Company that would otherwise interfere with the director's exercise of independent judgment.
- 6.8 The tenure of an independent director should not exceed a cumulative term of nine years. Upon completion of the nine years, an independent director may continue to serve on the Board subject to the director's re-designation as a non-independent director.
- 6.9 The Board may with good justification seek Shareholder approval in the event it retains as an independent director, a person who has served in that capacity for more than nine years.

## 7. Board Meetings and Procedures

- 7.1 The Board must meet regularly to, among others, review the business operation and management of the Company, monitor the financial and non-financial performance of the Company and deliberate on strategic issues.
- 7.2 Frequency, Quorum and Voting Right
  - (a) The Board shall hold a meeting at least four times a year. Meetings may be held via tele-conferencing and/or video conferencing that are legally constituted. Minutes of Board meeting must be documented. The Chairman or any one director may call for additional meetings when deemed necessary.
  - (b) The quorum for the Board meeting shall not be less than half of all board members, including at least one independent member who is entitled to vote.
  - (c) The decisions of the Board meeting shall be carried by majority votes of those directors present at the meeting.
  - (d) Each director shall have one vote except that a director who has an interest in any matter shall not be entitled to vote on that matter. In the case of a voting deadlock, the chairman of the meeting shall have another vote as a casting vote.

- (e) Directors shall attend the meetings in person physically or through tele-conferencing or video conferencing. It is prohibited to assign other persons to attend the meeting of the Board.
- (f) If the Chairman of the Board is unable to convene the Board meeting, any one director can be elected by more than half of the Board present to convene and preside over the Board meeting.
- (g) The Board will appoint a secretary at each Board meeting to minute the proceedings (hereinafter referred to as the "Secretary"). The Secretary may be the Company's company secretary or from the Company's Legal or Corporate Secretarial functions.

### 7.3 Agenda and Notice of Meeting

- (a) The agenda for the Board's meetings shall:
  - (i) Be determined by the Chairman in consultation with other members of the Board as appropriate;
  - (ii) Normally be circulated a week in advance by the company secretary to the directors;
  - (iii) Include consideration of whether there are any specific issues which should be brought to the attention of EIGP AC, EIGP RC and Group Audit Committee or the internal/ external auditor; and
  - (iv) Be established to enable the Board, in the course of a year's meetings, to discharge its responsibilities.
- (b) The Notice of Meeting together with the relevant Board papers shall be circulated to all the directors and the standing invitees listed under 7.5 at least five (5) business days before the meeting.

### 7.4 Minutes

- (a) The Secretary will minute the proceedings and retain copies of the papers for each Board meeting. The Board must ensure the minutes are comprehensive and accurate. The minutes of the Board meeting shall reflect its deliberation on key issues and the decisions it takes, rationale for each decision made, any significant concerns including reflecting dissenting votes (if any) whenever a decision is made. The minutes must also indicate whether any director abstained from voting or excused himself from deliberating on a particular matter.
- (b) The Company's company secretary shall circulate draft minutes of meetings to the CEO and other standing invitees of the Board such as the Company's Head of Risk, Compliance & Legal or comment within a reasonable time, normally within ten business days after each Board meeting.

- (c) Upon the CEO confirming that the draft minutes are in order, the Company's company secretary shall circulate the draft minutes to the chairman of that meeting for initial review normally within fifteen business days after each Board meeting.
- (d) Once the chairman of that meeting is satisfied the minutes accurately reflect the meeting proceedings and decisions reached at the meeting, the draft minutes should be sent to all directors who were at the meeting for their review and comments normally within twenty business days after each Board meeting.
- (e) All directors present at the Board meeting must have approved the draft minutes in order for the minutes of the meeting to be signed by the chairman of that meeting. The chairman of that meeting has the ultimate power to decide whether or not to sign the minutes.
- (f) The minutes of the Board meeting shall be finalised normally within twenty eight (28) business days after each Board meeting and the final minutes of the last Board meeting to be included in the agenda papers for the next Board meeting.
- (g) The minutes are evidence of the proceedings of a meeting once they have been signed by the chairman of that meeting. The copy of minutes of meetings of the Board shall be kept at the Company's registered office.

7.5 A resolution in writing which was signed by all the directors is valid and effective as if it was truly passed at a meeting of the directors duly convened and held and may consist of several documents in like form, each document having been signed by one or more directors. For the avoidance of doubt 'in writing' shall be construed to include any electronic form and 'signed' would include electronic signatures.

7.6 The Board may invite any individual, whether external or internal to attend all or part of any meeting(s) of the Board in whatever capacity as the Board deems appropriate to assist the Board in the fulfilment of its duties. The Company's Head of Risk ,Compliance & Legal, the Chief Internal Auditor, Group Wide Internal Audit Asia and Eastspring Head Office and/or their respective delegate shall have a standing invitation to attend any meeting(s) of the Board.

7.7 The external auditor will be invited to attend the meeting(s) of the Board at least on an annual basis.

7.8 The Board shall meet with the external auditor and a representative from the Group-wide Internal Audit in private, at least once a year without the presence of the Company's executives. The Board can agree the arrangements for such meeting including whether the Chairman of the Board can represent the Board. The Chairman of the Board may at any time hold a private meeting of only the members of the Board.

7.9 External auditors, internal auditors or any member of the Committee may request a meeting if they consider that one is necessary.

## **8. Training**

The Board will be provided with appropriate and timely training both in the form of an induction programme for new members and on an ongoing basis for existing members.

## **9. Evaluation of Board's performance**

- 9.1 The Board will perform a self-evaluation of the effectiveness of the Board at least once annually.
- 9.2 Any follow-up actions arising from the evaluation will be tabled at the next meeting after the close of the evaluation period. Any sensitive information or issues arising from the self-evaluation can be discussed in a closed-door meeting amongst the Board.

## **10. Review of the Terms of Reference**

- 10.1 The Board shall review the Terms of Reference at least once annually and make necessary amendments, where the Board deems necessary.

## APPENDIX 1

### Fit and proper requirements – Director

No.	Criteria	Legislation
1	Director has not been convicted, whether within or outside Malaysia, of an offence involving fraud or other dishonesty or violence or the conviction of which involved a finding that it or he acted fraudulently or dishonestly.	s.64(1)(h)(i) CMSA s.198(c) CA
2	Director has not been convicted of an offence under the securities laws or any law outside Malaysia relating to capital market.	s.64(1)(h)(ii) CMSA
3	Director has not been subjected to any action taken by the SC under section 3540F <sup>1</sup> , 3551F <sup>2</sup> or 3562F <sup>3</sup> CMSA.	s.64(1)(h)(iia) CMSA
4	Director has not contravened any provision made by or under any written law whether within or outside Malaysia appearing to the SC to be enacted for protecting members of the public against financial loss due to dishonesty, incompetence or malpractice by persons concerned in the provision of financial services or the management of companies.	s.64(1)(h)(iii) CMSA
5	Director has not engaged in any business practices appearing to the SC to be deceitful or oppressive or otherwise improper (whether unlawful or not) or which otherwise reflect discredit on its or his method of conducting business.	s.64(1)(h)(iv) CMSA
6	Director has not engaged in or has been associated with any other business practices or otherwise conducted itself or himself in such a way as to cast doubt on its or his competence and soundness of judgment.	s.64(1)(h)(v) CMSA
7	Director is not an undischarged bankrupt whether within or outside Malaysia.	s.64(1)(h)(vi) CMSA s.198 CA
8	The SC has no reason to believe that the director may not be able to act in the best interest of its clients having regard to their reputation, character, financial integrity and reliability.	s.64(1)(i) CMSA
9	There are no circumstances which are likely to lead to the improper conduct of business by the director.	s.64(1)(l)(i) CMSA
10	There are no circumstances which are likely to reflect discredit on the manner of conducting the business of the Company or the Company's controller.	s.64(1)(ii) CMSA
11	The SC has no reason to believe that the director will not carry on the regulated activity efficiently, honestly or fairly.	s.64(1)(m) CMSA
12	Director has not been convicted of an offence relating to the promotion, formation or management of a corporation.	s.198(c) CA
13	Director has not been convicted of an offence under sections 2133F <sup>4</sup> , 2174F <sup>5</sup> , 2185F <sup>6</sup> , 2286F <sup>7</sup> and 5397F <sup>8</sup> CA 2016	s.198(d) CA
14	Director has not been disqualified by the Court under section 199 CA 2016.	s.64(1)(l)(i) CMSA
No.	Criteria	Guidelines

<sup>1</sup> Section 354 CMSA provides for the SC's power to take action

<sup>2</sup> Section 355 CMSA provides for the power of SC to take action against derivatives

<sup>3</sup> Section 356 CMSA provides for the SC's power to take action concerning compliance with conditions of license, etc, by licensed person

<sup>4</sup> Section 213 CA 2016 provides for the duties and responsibilities of directors

<sup>5</sup> Section 217 CA 2016 provides for the responsibility of a nominee director

<sup>6</sup> Section 218 CA 2016 provides for the prohibition against improper use of property, position, etc.

<sup>7</sup> Section 228 CA 2016 generally prohibits the Company from entering into effect any arrangement or transaction where a director of the company or person connected with a director acquires or is to acquire or disposes of or is to dispose of shares or non-cash assets of the requisite value to the company

<sup>8</sup> Section 539 CA 2016 provides for liability where proper accounts not kept

15.	Director fulfills the fit and proper requirements under the Licensing Handbook	5.01 Guidelines on Corporate Governance for Capital Market Intermediaries (GLCG)
16.	Director's appointment shall have due regard to any actual or potential conflict of interest arising from the appointment and his/her standing with any relevant regulator	5.01 GLCG
17.	Director has mix of skills required on the Board	5.05 GLCG
18.	Director adds to the Board's diversity	5.05 GLCG
19.	Director has the ability to commit time to undertake the roles and responsibilities as a director effectively	5.05 GLCG
20.	Director should not be an active politician	5.07 GLCG
21.	<p>Director must not hold office as a director of more than one unit trust fund management company at any one time, except where the unit trust fund, management companies are related companies whereby–</p> <p>(i) the unit trust fund management company is an ultimate holding company which wholly-owns the other unit trust fund management company;</p> <p>(ii) the unit trust fund management company is a wholly-owned subsidiary of the other unit trust fund management company; or</p>	3.05 & 3.06 Guidelines on Unit Trust Funds