

**HONG LEONG FINANCIAL GROUP BERHAD
TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE (“RC”)****1. Composition**

- 1.1 The RC shall have a minimum of three members (the “Members”) who shall be appointed by the Board of Directors (“Board”) out of their own number, all of whom including the Chairman, shall be non-executive and shall comprise a majority of independent Directors.
- 1.2 A Member who wishes to retire or resign from the RC should provide sufficient notice to the Company so that a replacement may be appointed. In the event that any Member ceases to be a Director of the Company, he shall automatically cease to be a Member of the RC.
- 1.3 In the event that the number of Members is reduced below three, the Board shall appoint such new Members as may be required as soon as practicable provided that the composition of the RC shall meet the criteria set out in Clause 1.1 above.

2. Chairman

- 2.1 The Members shall elect out of their own number a Chairman from the RC who is an independent Director of the Company.
- 2.2 The Chairman of the RC shall preside as Chairman at every meeting save that if at any meeting, the Chairman is not present and there is a quorum, the Members present shall elect a Chairman who is an independent Director.

The Chairman of the Board must not chair any Board Committee.

3. Secretary

The Secretaries of the Company or such other person as nominated by the Board will be the Secretary of the RC.

4. Responsibilities

The RC’s responsibilities are as follows:

- 4.1 Recommend to the Board the framework and policies governing the remuneration of the:
 - Directors;
 - Chief Executive Officer;
 - senior management officers; and
 - other material risk takers.
- 4.2 Review and recommend to the Board for approval the specific remuneration packages of executive directors and the Chief Executive Officer.

- 4.3 Review and recommend to the Board for approval the remuneration of key senior management officers and other material risk takers.

5. Meetings

5.1 Convening of Meetings

- a. The RC shall hold at least one meeting (which may include meetings conducted via telephonic and video conference) in each financial year to be convened by the Secretary to the RC.
- b. Upon the request of any Member, the Chairman shall convene a meeting of the RC to consider any matters which the Member believe should be brought to the attention of the RC.

5.2 Notice of Meetings

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

5.3 Recording of Proceedings

- a. The Members shall cause minutes to be made of all proceedings and decisions taken at RC meetings and of the attendances thereat.
- b. A copy of the minutes of each meeting shall be circulated to every member of the Board.
- c. The minutes are to be signed by the Chairman at the next succeeding meeting. Any minutes signed by the 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.
- d. The minutes of the RC shall be kept by the Secretary to the RC at the registered office of the Company and shall be opened to inspection of the Board at any time.

5.4 Quorum

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

5.5 Decisions

- a. Any decision to be taken by the RC or questions arising at any meeting shall be determined by a majority of votes of the Members present and in the case of an equality of votes, the Chairman shall have a second or casting vote.

- b. A member of the RC shall abstain from participating in discussions and decisions on matters involving himself.

6. Circular Resolutions

- 6.1 A resolution in writing signed by a majority of Members shall be as valid and effectual as if it had been passed at a meeting of the RC 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 Members.
- 6.2 For the purpose of this provision, “in writing” and “signed” include approval by facsimile.

7. Others

The RC may regulate and amend the provisions relating to its own procedures in particular the calling of the meetings, notice to be given of such meetings, the voting and proceedings thereat, the keeping of minutes and the custody, production and inspection of such minutes.