

BOARD CHARTER

1. INTRODUCTION

- 1.1 The Board of Directors ("**Board**") believes that strong corporate governance is essential for delivering sustainable value, enhancing business integrity and maintaining investors' confidence towards achieving Manulife Holdings Berhad group of companies ("**Group**")'s corporate objectives and mission.
- 1.2 This Board Charter serves not only as a reminder of the Board's roles and responsibilities, but also as a general statement of intent and expectation as to how the Board discharges its duties and responsibilities.
- 1.3 This Board Charter has been endorsed by the Board and is subject to review by the Board from time to time, to ensure the Group remains at the forefront of best practices in corporate governance.

2. PURPOSE AND GOAL OF THE BOARD

The Board is responsible for providing prudential oversight of the management of the business and affairs of the Company and must act as required by applicable laws and regulations. The Board is obligated to act honestly and in good faith with a view to the best interests of the Company. The Board is also committed to the principles of good corporate governance and practices set out in the Global Subsidiary Governance Policy ("**Policy**") and Global Subsidiary Governance Standard ("**Standard**").

3. AUTHORITY AND RELATIONSHIP TO GROUP HOLDING COMPANY

- 3.1 The organisation of the Board and its authority are subject to any restrictions, limitations or requirements set out in the Company's constituting documents as well as any restrictions and limitations or requirements set out under applicable laws, including the Companies Act 2016 and Bursa Malaysia Securities Berhad ("**Bursa**")'s Listing Requirements, as well as the Policy and Standard.
- 3.2 The Company is an indirect subsidiary of Manulife Financial Corporation ("**MFC**"). As such, the Board recognises the realities of operating within the MFC group structure, including the value that: (i) is derived by being part of the MFC group; and (ii) the Company contributes to the MFC group by operating its business in alignment with the MFC group strategy.

4. BOARD COMPOSITION

4.1 Board Size

The Board members must have an appropriate mix of skills, knowledge, and experience. Members should be from diverse background, with qualification including expertise, skills, competencies, and experience in different pertinent disciplines. They should also possess characteristics that will foster a diverse and inclusive culture that welcomes multiple perspectives, strategic thinking, and are dynamic and responsive to the business environment. The Board through the Group Nominating/Remuneration Committee will on a periodic basis review the overall composition of the Board.

The Board shall comprise of a minimum of five (5) and not more than ten (10) directors. The Board has power under the Constitution to appoint a director to fill a casual vacancy or as an additional director.

4.2 Independent Director

At any one time, at least two (2) or one-third (1/3) of the Board, whichever is higher, must be

Independent Directors, and at least one (1) director of the Company is to be a woman.

5. ROLES AND RESPONSIBILITIES OF THE BOARD

- 5.1 The Board is the ultimate decision-making body of the Company except for matters requiring shareholders' approval. It sets the strategic direction and mission of the Company. The Board takes full responsibility in leading, governing, guiding and monitoring the entire performance of the Company and enforces standards of accountability, all with a view to enabling Management to execute its responsibilities effectively.
- 5.2 The Board has overall responsibility for putting in place a framework of good corporate governance within the Company including the processes for financial reporting, risk management and compliance. Board members bring their independent judgement, diverse knowledge and experience in deliberations on issues pertaining to strategy, performance, resources and business conduct.
- 5.3 The overall principal responsibilities of the Board are as follows:
- a. understand the principal risks of all aspects of the businesses in which the Group is engaged in, setting of risk appetites, and ensuring that systems are in place to effectively monitor and manage these risks with a view to the long-term viability and success of the Group;
 - b. identify principal risks, setting of risk appetites, and ensure the implementation of appropriate internal controls and system, and mitigation measures;
 - c. monitor and assess development which may affect the Group's strategic plans;
 - d. provide clear objectives and policies within which the management of the Company is to operate;
 - e. monitor the management's performance in the implementation of the strategies and provide relevant direction and advice when necessary and/or to ensure the achievement of the Company's objectives;
 - f. review the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
 - g. promote, together with Management, a sound corporate culture within the Company which reinforces ethical, prudent, and professional behaviour;
 - h. succession planning, including ensuring all candidates appointed to senior management positions are of sufficient calibre and programmes are in place to provide for the orderly succession of senior management.
 - i. oversee the development and implementation of shareholder communications policy for the Company; and
 - j. avoid conflicts of interest and ensuring appropriate disclosure of possible conflicts of interest.
- 5.4 The Board shall in discharging his duties have regard to the Companies Act 2016 and the relevant guidelines/standards applicable to listed issuer as issued from time to time.
- 5.5 In addition to matters reserved to the Board by the law or regulator, the following matters are specifically reserved for the Board's approval which include, among others, reviewing and approving the following:
- a. Strategic/business plans and annual budget
 - b. New investments, divestments, mergers and acquisitions, corporate restructuring, including the establishment of subsidiaries, joint ventures or strategic alliances both locally and abroad
 - c. Acquisition and disposal of significant assets of the Company
 - d. Annual financial statements and the quarterly financial results prior to release to Bursa
 - e. Appointment or removal from the positions of new Directors, CEO, company secretary and other members of senior management of the Company based on the recommendation of the Group Nominating/Remuneration Committee.

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- f. Related party transactions and capital financing
- 5.6 Individual directors should have regard for the strategies, plans, and policies of MFC, including this Board Charter, the Policy and Standard. Among other things, individual directors will have the following specific responsibilities:
- a. assume a stewardship role, as mandated by applicable law, and oversee the management of the business and affairs of the Company;
 - b. act honestly and in good faith with a view to the best interests of the Company and with the diligence and care which may reasonably be expected of a director having the same responsibilities; and any additional knowledge, skill and experience which he/she in fact has;
 - c. ensure sufficient time to devote to the director's responsibilities, including committee membership and committee leadership responsibilities and participation in director orientation and on-going director development activities;
 - d. maintain a clear understanding of the Company and its operations, including its strategic and business plans, emerging trends and issues, significant capital allocations and expenditures, risks and management of those risks;
 - e. prepare for each Board and committee meeting by reviewing materials provided and requesting, where appropriate, information that will allow the director to properly participate in the Board's deliberations, make informed business judgments, and exercise oversight;
 - f. except with compelling reason, attend every Board and committee meeting, and actively participate in deliberations and decisions. When attendance is not possible, a director should become familiar with the matters covered at the meeting;
 - g. participate in Board deliberations fully and frankly and in a manner that encourages free and open discussion of issues. Be a positive and constructive force within the Board;
 - h. voting (for, against or abstaining) on all decisions of the Board or its committees except for where there is a conflict of interest of a director in respect of a particular matter;
 - i. preventing their own interests from conflicting with, or appearing to conflict with, the interests of the Company and disclosing details of such conflicting interest should they arise;
 - j. act in compliance with the MFC Code of Business Conduct and Ethics;
 - k. act in the highest ethical manner and with integrity in all professional dealings; and
 - l. comply with the Companies Act 2016 ("**CA 2016**") in connection with disclosure of any shareholding and/or any interests in the Group and any interest in any contract or proposed contract with the Company, which include the nature, character and extent of any office or possession of any property, whether directly or indirectly, duties or interests that might be created in conflict with his/her duty or interest as a director of the Company. Notice in writing should be given by a director and tabled at the Board Meetings and the declarations made will be recorded in the minutes of the Board meeting, in line with the CA 2016.
- 5.7 A director may interact directly with or request for further information from Management on matters which relates to the Company. Board shall also have access to professional or expert advice on specific issues deliberate by the Board.

6. BOARD COMMITTEES

- 6.1 The Board will establish such committees as required by applicable laws and as deemed necessary to assist it in meeting its responsibilities. The Board currently has three committees: Group Audit Committee ("**Group AC**"), Group Risk Management Committee ("**Group RMC**") and Group Nominating/ Remuneration Committee ("**Group NRC**"). Each Board committees is guided by a written terms of reference which has been approved:

- **Group Audit Committee**

The key responsibilities of Group AC are to ensure high corporate governance practices whilst providing oversight on the Group's financial reporting, disclosure, regulatory

compliance, risk management and monitoring of internal control processes within the Group. The Group AC meets regularly to, among others, review the quarterly results, full year financial statements, audit reports which include observations pertaining to risk management and internal controls, as well as related party transactions.

- **Group Risk Management Committee**

The primary responsibility of the Group RMC is to ensure that the integrated risk management functions within the Group are effectively discharged. The Group RMC assists the Board in, among others, formulating and reviewing the risk strategy of the organization, approving and reviewing the Group's risk management policies, setting risk appetite, reviewing risk profile and ensuring a risk-awareness culture is embedded within the Group.

- **Group Nominating/Remuneration Committee**

The Group NRC reviews the procedure for appointment of directors, Board committees and key senior management of the Group (to the exclusion of Manulife Insurance Berhad) and remuneration. It also undertakes assessment of directors for new appointment and re-appointment.

6.2 The composition of each of the Group AC, Group RMC and Group NRC will be established in accordance with Bursa Listing Requirement and applicable guidelines/standards issued by the regulator(s) of the Company. Each committee reports to the Board its decisions and recommendations as appropriate. Minutes of the Group AC, Group RMC and Group NRC are presented at the Board meetings.

6.3 Members of management of the Group may be invited to, and attend, committee meetings but shall not participate in the *in-camera* sessions of the committee (unless invited by the Chair) nor shall they be able to vote on any business of the committee.

6.4 The Board may, from time to time, delegate other powers, duties, and responsibilities to the committees, in accordance with applicable laws. While these committees have the authority to deliberate on matters delegated to them, all decisions and/or recommendations made by these committees will be brought to the attention of the Board, the Board remains responsible for the Company's success, business, strategy, risk management, operational and financial performance.

6.5 The Board may, at any time by resolution, remove any member of a committee.

7. SEPARATION OF POSITION OF CHAIR AND MANAGING DIRECTOR/CHIEF EXECUTIVE OFFICER

To ensure balance of authority, increased accountability and a greater capacity for independent decision-making, the roles of Chair and Managing Director/Chief Executive Officer (MD/CEO) are distinct and separate with a clear division of responsibilities between the Chair and the MD/CEO so that no one individual can influence the Board's discussion and decision-making.

7.1 Chair of the Board

The Board is led by a Chair who is responsible for the leadership and management of the Board and ensuring the Board and its committees' function effectively. The Chair assumes the formal role of a leader and chairs all Board meetings. The Chair must be a non-executive member of the Board. The specific responsibilities of the Chair are to:

- a. guide the Board in the fulfilment of its duties. In guiding and directing the Board, ensures the focus of the Board's attention is on strategically important issues and compliance with regulatory requirements;

- b. together with the secretary, sets the agenda, style and tone of the Board discussions to promote effective decision-making and constructive debate in meetings, including managing the discussion to ensure that appropriate time is allowed to consideration of issue;
- c. ensure that directors take into consideration the realities of operating within the Manulife Group of Companies and provide direction that aligns with the Group's strategy;
- d. ensure the directors receive accurate, timely and clear information on the Company and its activities;
- e. encourage active engagement by all the members of the Board;
- f. lead the board in the adoption and implementation of good corporate governance practices in the Company and/or ensure that all appropriate procedures are in place to govern the Board's operations;
- g. lead efforts to address the Board's developmental needs;
- h. ensure independence of the Board in discharging its duties which includes encouraging non-executive directors to meet regularly to discuss among other things strategic, governance and operational issues;
- i. escalate issues, as appropriate, in accordance with the Policy; and
- j. discharges any other responsibilities as required by any applicable law, the Policy, or the Standard.

7.2 Role of Managing Director/Chief Executive Officer

The Group MD/GCEO assumes the overall responsibility for the implementation of the Group's strategy and in carrying out the Board's directions, managing the businesses of the Group and driving performance within strategic goals and commercial objectives.

The Group MD/GCEO heads the Executive Management Committee, the highest Management Committee in the Group and leads the Management team in carrying out the corporate strategy and mission of the Group. As Group MD/GCEO, he is accountable to the Board for the day-to-day management and operations of the Group's businesses.

The key roles of MD/CEO include, among others:

- a. develop strategic direction;
- b. ensure strategies and corporate policies are effectively implemented;
- c. ensure Board decisions are implemented and Board's directions are responded to;
- d. provide directions in the implementation of short and long term business plans;
- e. provide strong leadership, that is, effectively communicating a vision, management philosophy and business strategy to the employees;
- f. keep the Board fully informed of all important aspects of the group's operations and ensure sufficient information is distributed to Board members;
- g. ensure the day-to-day business affairs of the Group are effectively managed; and
- h. together with the Board sets objective, targets and strategic direction of the Group.

8. BOARD APPOINTMENT

8.1 Selection of Candidates

The Group NRC is responsible for recommending suitable candidates for appointments to the Board. Before recommending an appointment to the Board, the Group NRC undertakes a thorough and comprehensive evaluation of the candidate including their character, competence, experience, integrity, time commitment, and the expected contribution and performance of the candidate as well as diversity factors.

The fit and proper assessment on any person identified to be appointed as a director will be conducted prior to the appointment. The Board and/or the Group NRC shall be guided by the Fit and Proper Policy (as amended from time to time) when conducting the fit and proper assessment.

8.2 Restriction on Directorships

A director must not have competing time commitments that impair his/her ability to discharge his/her duties effectively. The directorships are capped to five (5) in listed companies. Each Director confirms his/her time commitment to the Board at the time of appointment. In addition, he/she shall notify the Chair upon accepting any new directorship. Director should first consult the Company and/or the Chair of the Board prior to the acceptance of additional external commitments/appointments. In any event, such commitments should not give rise to conflict of interest, affect his/her independence, reputational consequence to the Company and impair their ability to discharge duties as a director of the Company effectively.

8.3 Terms of Appointment

The Directors are elected by the shareholders at the Annual General Meeting and the Constitution of the Company provides for the retirement of the directors by rotation.

Directors appointed during a financial year hold office until the next Annual General Meeting and if eligible, may offer themselves for re-election at the Annual General Meeting. A director who is up to retirement by rotation but does not offer himself/herself for re-election will retire at the conclusion of the Annual General Meeting.

8.4 Tenure of Independent Directors

The tenure of service of Independent Directors shall not exceed a cumulative term of twelve (12) years. An Independent Director who has served the Company for a cumulative term of twelve (12) years must resign, or be re-designated as a non-independent director, subject to the Group Nominating/Remuneration Committee and the Board's recommendation, and shareholders' approval annually.

An independent directors must immediately disclose to the Board any change in his/her circumstances that may affect his/her status as an independent director. In such a case, the Board must review his/her designation as an independent director.

8.5 Board Diversity

The Board shall at all times promote and welcome diversity and gender mix in its composition and gives due recognition to the financial, technical and business experience of the Directors. The Board believes the presence of diverse nationalities and gender mix on the Board can widen the Board's perspectives in effectively discharging its duties and responsibilities as well as aid the Board in its decision-making process.

8.6 Directors' Remuneration

The Company periodically reviews the compensation framework of non-executive directors to ensure that it remains market competitive. The compensation packages of the Group MD/CEO and key senior management are based on key performance Indicators that are lined to the Group's and Individual's performance.

8.7 Board Effectiveness

The Board recognises the importance of assessing the effectiveness of individual directors, the Board and its committees. Annually the Group NRC provides a formal and transparent procedure for the assessment of the effectiveness of individual directors and the Board as a whole. An independent assessment will also be undertaken from time to time.

8.8 Policy and Procedures

Clearly documented internal policies and procedures ("**P&Ps**") of all businesses serve as day-to-day operational guides to ensure compliance with internal controls and applicable laws and

regulations. The P&Ps are reviewed and updated from time to time or as and when necessary, to ensure continuous improvements in operational efficiency taking into consideration the changing industry profile on regulatory requirements, risks and internal control measures for mitigation, and new products and services. The P&Ps are made available to all employees.

8.9 Directors Training & Development

Induction Programme

Newly appointed directors must attend an induction programme which is tailored to meet their individual needs. This includes meeting with key senior management to enable them to build up a detailed understanding of the Group's businesses and strategy, and the key risks and issues with which they are facing. The induction programme is supplemented by ongoing training and development programmes. During the induction programme, the newly appointed directors will be briefed by the relevant Heads of Divisions on the functions and areas of responsibility of their respective divisions. This serves to familiarise the directors with the operations and organisational structure of the Group as well as to provide them with a platform in establishing effective channel of communication and interaction with Management.

8.10 Evaluation of Training Needs

The Board shall via its Group NRC evaluate the training needs on a continuous basis and determine areas that would further their understanding of the issues facing the Group. The secretary facilitates in organising internal and external programmes, training sessions, briefings, workshops and seminars for directors. Directors may request that training programmes on specific subjects be arranged in order to facilitate them in discharging their duties effectively.

9. CULTURE OF INTEGRITY AND ETHICS

- 9.1 The Board will promote a culture of integrity and honesty throughout the Company and is subject to the MFC Code of Business Conduct and Ethics ("**Code**") (the Board also observes the Code of Ethics for Company Directors issued by the Companies Commission of Malaysia). The Code applies to the Board itself and the Company's management and employees.
- 9.2 The Board is responsible for monitoring compliance with the Code, including identifying and dealing with conflicts of interest. Directors must recuse themselves from a particular matter where there may reasonably be a conflict or perception of conflict or a perception that they may not bring objective judgment to the consideration of a matter. The Board will disclose any such conflicts of interest to the Chair and the secretary who should ensure that all necessary steps are taken in accordance with applicable law, regulation and/or policy to manage the conflict.
- 9.3 Members of the Board will keep strictly confidential all proceedings at meetings of the Board and all information it receives about the Company's business and operations, unless they are: (i) required by law to disclose that information; (ii) seeking information from counsel or experts; or (iii) availing themselves of protections under appropriate legislative frameworks.

10. CORPORATE GOVERNANCE AND MEETING PROTOCOL

- 10.1 The Board will establish expectations and responsibilities of directors, including preparation for, attendance at, and participation in, Board and committee meetings and Board educational seminars.
- 10.2 The Chair of the Board will seek input from the directors and Company's management, when setting each Board meeting's agenda. Any written material to be provided to directors for a Board meeting should be distributed in advance of the meeting to give directors time to review and understand the information. All material provided to directors must be relevant and concise.

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- 10.3 Senior management may be invited to attend Board meetings as appropriate to expose the directors to key members of management and to provide additional insight into the items being considered by the Board. In order to allow for the directors to meet without management present, time may be reserved following each Board meeting for an in-camera meeting.
- 10.4 The Board shall meet regularly to discuss business strategy, financial performance, potential strategic acquisitions or alliances, matters pertaining to compliance and governance as well as reports on matters deliberated by the respective Board committees. On a quarterly basis, among others, the Board reviews financial performance of the major subsidiaries, risk management and compliance reports and approves the quarterly results of the Group at its meeting.
- 10.5 Unless otherwise determined by the directors from time to time, seven (7) days' notice of all directors' meeting shall be given to all directors. Any director may waive notice of any meeting either prospectively or retrospectively.
- 10.6 Under the Constitution, the quorum shall be two (2), unless otherwise determined by the directors.
- 10.7 Individual Directors shall attend at least fifty (50%) of the Board meetings held in each calendar year. The office of a director shall become vacant if a director fails to attend at least fifty (50%) of the meeting of the Board in a year.
- 10.8 Any question arising at a Board meeting is decided by a majority of votes and the Chair has a second and casting vote. A director is required to abstain from deliberations and voting in respect of any contract or proposed contract or arrangement in which he/she has direct or indirect interest. The Chair and the Board may, if deemed necessary and appropriate request an interested Director to excuse himself/herself in the deliberation.

11. FINANCIAL AND NON-FINANCIAL REPORTING

- 11.1 The Board is responsible to ensure that the financial statements are prepared for each financial year and that it gives a true and fair view of the state of affairs of the Company. The Group AC ensures that the financial statements comply with applicable financial reporting standards. The financial statements are prepared on a going concern basis. In preparing the financial statements, appropriate accounting policies are applied consistently and supported by reasonable and prudent judgements and estimates.
- 11.2 The financial performance is not the sole indicator of the overall performance of the Company. Non-financial performance indicators are equally important in ensuring sustainability. The Company puts in place the necessary steps to measure, disclose and be accountable to stakeholders for the economic, environmental and social impact of its activities. The Company assesses regularly the impact of its business operations and activities on the communities it operates in and has included corporate responsibility as part of the Company's business planning process.

12. DECISION-MAKING

All strategic decisions and investments decisions are made at Board Meetings after due processes, discussions, and deliberations. Where appropriate, decisions are also taken by way of circular resolutions in between scheduled meetings. Such resolutions are signed by all the directors and valid as if it has been passed at a Board meeting duly called and constituted.

13. RISK MANAGEMENT

An Enterprise Risk Management ("**ERM**") framework is established to manage risks and opportunities effectively. The ERM framework requires the Group to identify, evaluate, monitor, mitigate and report all material risks associated to its business and operations. The framework provides the Board and Management with a tool to anticipate and manage both the existing

and potential risks, taking into consideration the changing risk profiles as dictated by changes in business strategies, operating and regulatory environments, and functional activities from time to time.

In ensuring the effective implementation of the ERM framework, ERM is supported by Group RMC and several committees.

14. CORPORATE SOCIAL RESPONSIBILITY

The Company is committed to fulfil its Corporate Social Responsibility ("**CSR**") and contribute to the realisation of a sustainable future through:

- Focusing on the responsibilities emphasised in its corporate philosophy
- Heartening the communities in which it operates
- Maintaining high integrity at the marketplace through ethical business conduct, good corporate governance practices and enhancement of the shareholders' value
- Creating a safe and conducive working environment for its employees with concern on their safety, health and welfare

15. Stakeholder Communication

The Group investor relations activities are led by the Group MD/GCEO, supported by other Senior Management to ensure effective, transparent and regular communication with its stakeholders. In stakeholder communication, the Company practice on one-on-one meetings with pertinent shareholders.

16. COMPANY SECRETARY

- 16.1 The Company Secretary is responsible for supporting the effective functioning of the Board. In discharging this role, the Company Secretary provided counsel to the Board on governance matters and facilitates effective information flows between the Board, its committees, and Management.
- 16.2 The Company Secretary shall keep confidential the affairs of the financial institution and its officers at all times. Accordingly, where the Company Secretary also serves as Company for a financial institution's affiliates, he/she shall not disclose the affair of the financial institution or its officers to the affiliates except with the knowledge and consent of the financial institution.
- 16.3 The Board shall assess the performance of the Company Secretary annually.