

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 1163  
**COMPANY NAME** : ALLIANZ MALAYSIA BERHAD  
**FINANCIAL YEAR** : December 31, 2020

## OUTLINE:

### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

### **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is accountable to the shareholders and therefore should use its best efforts to ensure that Allianz Malaysia Berhad ("AMB" or "Company") is properly managed and constantly improved so as to protect and enhance shareholders' value and to meet the Company's obligations to all parties with which the Company interacts. The Board in discharging its fiduciary and leadership functions, assumes among others, the following responsibilities:-</p> <p><b>(i) Reviewing and approving strategic plan</b></p> <p>The Board plays an active role in the Company's strategic direction and planning, either in long term growth or delivering short term business goals. The strategic planning of the Company is forward looking and encompasses a 3-year action plan to address short term business goals and long-term economic value creation including strategies on economic, environmental stewardship and social considerations.</p> <p>The Board deliberated on a 3-year business plan for 2021 to 2023 with detailed strategies, financial projection, key performance indicators, its execution and challenges faced by the insurance subsidiaries ("Business Plan"), which might have impact on the dividend income of the Company, and approved the Business Plan in November 2020. On a quarterly basis, the Board reviews the status of the Business Plan and its deliveries.</p>

**(ii) Overseeing the conduct of the business to ensure that the business is properly managed towards achieving the Company's corporate objectives**

The Chief Executive Officer ("CEO") is supported by the senior management and management committees in discharging the day-to-day management of the business and operations of the Company and its subsidiaries ("Group").

To ensure effective oversight of business and operations of the Group, the CEO of the Company who is also the Country Manager of Allianz in Malaysia and CEO of the general insurance subsidiary, receives monthly management report from both insurance subsidiaries. On a quarterly basis, he reports to the Board on the development of the Group's business and operations, progress of key initiatives, challenges faced and remedial action plans as well as industry trends and developments, whilst the Chief Financial Officer ("CFO") will report to the Board on the financial performance against the key performance indicators set by the Board and significant financial highlights.

The CEO and CFO address queries raised by the Board during the Board Meeting and if required, the Management teams of the insurance subsidiaries will attend the Board Meeting to provide clarifications and updates with regard to their areas of responsibilities.

**(iii) Identifying key business risks, determining the risk appetite and ensuring the implementation of appropriate systems to manage risks within established risk-tolerance limits**

The Board has entrusted the Risk Management Committee of the AMB Board ("RMC") with the responsibility of providing oversight on risk governance of the Group. The RMC is responsible for driving the risk management framework of the Group. The RMC meets quarterly to review the risk status of the Group including impact of emerging risks and evaluate whether the current risk management framework remains effective for controlling risk taking activities of the Group, and in line with the Group's risk appetite and business environment.

The RMC reports its observations to the Board on a quarterly basis.

The risk management framework of the Group is detailed in the Practice 9.1 of this Corporate Governance ("CG") Report.

**(iv) Succession planning, including the appointment, training, remuneration and performance review of senior management**

The Nomination and Remuneration Committee of the AMB Board ("NRC") is responsible to oversee the selection, performance, remuneration and succession plans of the Board, CEO and other key responsible persons ("Senior Management") of the Group who are accountable or responsible for the management and oversight of the respective companies within the Group.

The NRC reports to the Board on its observations and recommendations with regard to new appointments, performance and remuneration of the Directors, CEO and Senior Management.

**(v) Ensuring the adequacy and integrity of the governance framework, internal control and management information systems, including systems for monitoring compliance with applicable laws, regulations, rules, directives and guidelines**

The Board is fully committed to ensure that effective risk management and internal control systems are in place within the Group and continuously review the adequacy and integrity of these systems.

The key processes for reviewing the adequacy and integrity of risk management and internal controls of the Group are detailed in the Statement on Risk Management and Internal Control ("SORMIC") of the Annual Report 2020.

**(vi) Overseeing the development and implementation of shareholder communications policy**

The Group's internal and external communications are guided by the Allianz SE Group's communication guidelines and the requirements of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

All announcements released by the Company to Bursa Malaysia are drafted by the Company Secretary and review or verify the data/information by Finance, Legal or other relevant Departments of the Company, as and when is necessary. The announcements were counter approved by the CEO and CFO prior to the same be approved by the Board. All internal and external communications, including press releases are approved by the CEO and disseminated by the Corporate Communications Department to the relevant

stakeholders.

**(vii) Promote sustainability through appropriate economic, environmental, social and governance (“ESG”) considerations in business strategies**

ESG considerations are embedded into Allianz SE Group’s insurance and investment decision-making as set out in the ESG Integration Framework. The Allianz Standard for Reputational Risk Management defines the ESG Sensitive Business Guidelines, Sensitive Countries List, and ESG Referral Process, which are integrated into business processes through policies and functional rules, namely the Allianz Standard for Underwriting and the Allianz ESG Functional Rule for Investments. Insurance or investment transactions that concern thirteen sensitive business areas listed in the Allianz Standard for Reputational Risk Management will trigger the ESG referral process, subjecting them to further assessment.

In line with Allianz SE Group’s climate commitments, the Group does not offer insurance for coal-powered plants or mines, and is working to fully phase out coal-based risks from its insurance portfolio by 2040.

With the aspiration of further strengthening the sustainability governance structure of the Group, a Local ESG Board comprising top management was set up in February 2021, comprising top management (CEOs, CFO, Chief Operation Officer). It is responsible for decision-making related to ESG matters and driving these topics across the Group, supported by the newly established Sustainability department. The Local ESG Board reports to and discusses sustainability topics with the Board of the Company.

The Group’s sustainability structure and its initiatives for 2020 are elaborated further in the Sustainability Statement of the Annual Report 2020.

**(viii) Promote good CG culture which reinforces ethical, prudent and professional behaviours**

The Board believes that strong CG culture is fundamental to build a responsible organisation and deliver long-term sustainable value to the shareholders and various stakeholders of the Group.

The Board and the Management are cognisant that CG is a continuous journey and it can only be implemented effectively with full commitment and support from all levels of staff within the Group. With this in mind, constant review

	<p>and awareness building on the Group's CG practices are undertaken to ensure that such practices remain robust and relevant to the Group's business at all time, which ultimately foster long-term sustainability of the Group.</p> <p>The Group has in place the code of conduct, relevant policies and procedures applicable for the Board, Management and employees, which are further discussed in Practice 3.1 in this CG Report.</p> <p>During the financial year ("FY") 2020, the Company has the pleasure to receive the ASEAN Asset Class Award presented by the ASEAN Capital Markets Forum as recognition of the Company's achievement in the 2019 ASEAN CG Scorecard Assessment. In addition, the Company also received an Industry Excellence Award under the financial services industry from MSWG-ASEAN CG Award 2019.</p> <p>The detailed responsibilities of the Board are detailed in the Board Charter published under the CG section of the Company's website at <a href="http://www.allianz.com.my/corporate-profile">www.allianz.com.my/corporate-profile</a>.</p> <p>The responsibilities of the Board as stipulated in the Board Charter are also applicable to the subsidiaries of the Company.</p>	
<b>Explanation for departure</b> :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b> :		
<b>Timeframe</b> :		

## Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Chairman has a crucial leadership role to ensure that the Board works effectively. The Board of the Company is helmed by Tan Sri Datuk (Dr.) Rafiah Binti Salim ("Tan Sri Rafiah") who has extensive years of experience in in legal, human resource, banking, academic, regulator, at the local and international levels.</p> <p>Tan Sri Rafiah actively and constructively participates in the deliberation of all matters brought to the attention of the Board/Board Committees and provided sound and practical advice or suggestion, where applicable. Tan Sri Rafiah has also demonstrates that:-</p> <ul style="list-style-type: none"><li>(a) Tan Sri Rafiah's abilities to lead and control the proceedings of meeting, to raise critical issues, encourage healthy and open discussion, and leading the Board members to achieve sound and well informed decisions and/or recommendations.</li><li>(b) Tan Sri Rafiah is socially adept. She understands the dynamics of the Board and maintains good relationship with the Board members as well as with the Management.</li><li>(c) From her extensive experience in legal, human resource, banking, academic, regulator, at the local and international levels held previously especially on her insights of being a regulator, she is able to provide necessary guidance and lead the Company to greater height.</li></ul> <p>Tan Sri Rafiah is a champion for the cause of gender equality and women's empowerment. She provides necessary advice to and shares insights with the women employees of the Group. She is also a strong supporter of the Company's corporate responsibility and sustainability initiatives.</p> <p>The roles of the Chairman are detailed in the Board Charter which is available on the Company's website.</p>

<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		



### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.3

The positions of Chairman and CEO are held by different individuals.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman plays a crucial leadership and pivotal role in ensuring that the Board works effectively. The CEO oversees the execution of the Group's strategy and is responsible for the day-to-day running of the business. There is a clear division of roles and responsibilities between the Chairman and the CEO of the Company to ensure an appropriate balance of power, increased accountability, enhanced independence in decision-making and that no one individual has unfettered decision-making power.</p> <p>The positions of Chairman of the Board and the CEO are held by two different individuals. The Chairman of the Company is Tan Sri Rafiah, while the CEO position of the Company is held by Zakri Bin Mohd Khir.</p> <p>The respective roles and responsibilities of the Chairman and CEO are detailed in the Board Charter.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.4

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company Secretary of the Group, Ng Siew Gek, is qualified to act as a company secretary under Section 235 of the Companies Act 2016 ("CA"). She is an Associate member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA).</p> <p>The profile of the Company Secretary is set out in the Senior Management's Profile of the Annual Report 2020.</p> <p>The Company Secretary plays an advisory role to the Board in relation to the Company's Constitution, policies and procedures, and compliance with the relevant regulatory requirements, guidance and legislations as well as the principle of best CG practices. The Directors are regularly updated by the Company Secretary on the new or changes made to the relevant regulatory requirements, particularly on areas relating to the duties and responsibilities and disclosure requirements of the Directors and CG.</p> <p>The Company Secretary plans and organises orientation for the newly appointed Directors to familiarise them with the Group's organisation structure, business and the insurance industry to ensure that they understand, among others:-</p> <ul style="list-style-type: none"><li>(a) their roles and responsibilities;</li><li>(b) the nature of the Group's business and its corporate strategy;</li><li>(c) overview of risks on the Group's business and the risk management strategy;</li><li>(d) legal requirements and compliance controls; and</li><li>(e) overview of financial health of the Group.</li></ul> <p>The Company Secretary also assists in Directors' training and development based on the areas of training recommended by the NRC and approved by the Board. Save for the training programmes organised by the Company, the Directors also attended external programmes.</p>

During the FY 2020, the NRC reviewed the training needs of the Directors and identified relevant training programmes for the Directors.

The training programmes, seminars and conferences attended by the Directors of the Company during the FY 2020, were as follows:-

#### **Tan Sri Datuk (Dr.) Rafiah Binti Salim**

- Bank Negara Malaysia (“BNM”) – *Financial Institutions Directors' Education (“FIDE”) FORUM Annual Dialogue with the Governor of BNM*

#### **Goh Ching Yin**

- The Guru Series: “Driving the Analytics Revolution. How Did Amazon.com Do It”
- 2nd Distinguished Board Leadership Webinar: Outthink The Competition: Excelling in a Post COVID-19 World
- Invest Malaysia Kuala Lumpur 2020 Virtual Series 1 – Economic Recovery: Policies & Opportunities
- Invitation to Presentation of “Banking on Governance, Insuring Sustainability”
- Annual Board Risk Workshop 2020
- The Strategic Value of Sustainability – Insight into Sustainable & Responsible Investment Initiative in the Malaysian Capital Market
- BNM – FIDE FORUM Annual Dialogue with Governor of BNM
- FIDE FORUM’s Board Effectiveness Focus Group Discussion with Directors
- Restructuring Options & Legal Updates

#### **Tunku Zain Al-’Abidin Ibni Tuanku Muhriz**

- Global Ethics: A Values-driven Approach to Sustainable Development Goals (“SDG”) 2030 by Dr. Ismail Serageldin
- Webinar: Mitigating the Economic Downside of COVID-19
- E-Conference: The Epidemiology and Economics of Coronavirus
- Webinar: United Nations International Day of Conscience

	<ul style="list-style-type: none"> <li>• Webinar: COVID-19 Stimulus Package: Delivering with Democracy</li> <li>• Webinar: COVID-19 Stimulus Package: Supporting SMEs with an Exit Strategy</li> <li>• 1st Distinguished Board Leadership Webinar: COVID-19 &amp; Current Economic Reality: Implications for Financial Stability</li> <li>• ASEAN Roundtable Series on ASEAN's Response to COVID-19: Medium-term Outlook and Urgent Stimulus Measures for the Business Sector</li> <li>• Webinar: A Conversation with YB Dato' Sri Mustapa Mohamed – A Roadmap to Post COVID-19 Economic Recovery</li> <li>• Overview of Section 17A of Malaysian Anti-Corruption Act 2009</li> <li>• Why Individualism Does Not Mean Egoism</li> <li>• CARI Briefings: COVID-19 Economic Recovery Plan Series on "How Can ASEAN Bounce Back: An EU Perspective"</li> <li>• Economic Diplomacy Series 1/2020: "Malaysia and COVID-19: From Lockdown to Economic Recovery"</li> <li>• Economic Action Council ("EAC") Workshop: Post-modernisation and New Society-Empowering Society for National Advancement/ Government-society Collaborations (as speaker)</li> <li>• Inspired 2020: Are You Future Ready? (as keynote speaker)</li> <li>• E-APEC Study Centers Consortium Conference 2020: "Towards an Inclusive, Sustainable Growth and Shared Prosperity Post-Pandemic" (as moderator)</li> <li>• 11th International Greentech &amp; Eco-Products Exhibition &amp; Conference Malaysia 2020 (as royal speaker)</li> <li>• ASEAN Youth Volunteer Programme: Leaders of The Future: Engage Youth for SDG All action (as speaker)</li> </ul>
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## Peter Ho Kok Wai

- COVID-19 Implication
- 1st Distinguished Board Leadership Webinar: COVID-19 and Current Economic Reality: Implication for Financial Stability
- What Leadership Mindset Do I Need?
- Leadership Through Crisis: Strategy, Finance & Legal Insight to Handle Impact of COVID-19
- Proofing Virtual Annual General Meeting (“AGM”)
- What is My Best Restructuring Option?
- 2nd Distinguished Board Leadership Webinar: Outthink the Competition: Excelling in a Post COVID-19 World
- Audit Committee Institute Virtual Roundtable 2020: Staying Resilient during an Economic Downturn
- Listed Entity Director Programme – Module 1 on Listed Entity Director Essentials
- 3rd Distinguished Board Leadership Webinar: Challenging Times: What Role Must the Board Play?
- Amendments to Bursa Malaysia Securities Berhad’s Main Market Listing Requirements in relation to Anti-Corruption Measures
- Tax Implications for Debt Restructuring
- Asia Economic Outlook Post COVID-19
- Healthcare Sector: Industry Borak-Borak by UOW Malaysia KDU with Advisory Insight from KPMG
- Overview of Section 17A of Malaysian Anti-Corruption Act 2009
- Tax Measures for National Economic Recovery Plan (PENJANA)
- Overview of Corruption Risk Management and Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018
- From Reactive to Proactive: Charting Your Course

- Banking on Governance, Insuring Sustainability
- Anti-Money Laundering Training
- Captain's Forum: Transformation Towards Recovery
- Audit Committee Institute Virtual Roundtable 2020 - ESG Perspective: Managing Recovery and Resilience
- Tax Highlights of Malaysia's Budget 2021
- Tax Webinar Series: Tax and Business Summit
- Fraud Risk Management: Workshop for Directors of Listed Companies
- Introducing Corporate Power Purchase Agreements

#### **Solmaz Altin**

- Asia IT and Operations Conference 2020
- Pre-Strategic Dialogue Workshops
- Allianz International Conference ("AZI") 2020
- 12th Lujiazui Forum 2020
- #lead Experience: Asia/Australia
- Virtual AZI 2020
- Pre-Planning Dialogue Workshops
- Antitrust Training for Top Management
- Internal Corporate Governance System
- Briefing of Directors and Supervisors
- National Policies and Regulatory Rules
- Wealth management in Asia: Navigating the Impact of Coronavirus
- The Winning Strategy of the Pension Market in China
- Things Work Out: Insurance Industry in China amid Pandemic Outbreak
- Interim Measures on the Administration of Insurance Asset Management Products

	<ul style="list-style-type: none"> <li>• Duties of Directors under the People's Republic of China Law</li> <li>• China Market Opportunities for Foreign Insurance Companies under the New Opening-up Policies</li> <li>• Notice on Matters Related to the Regulation of Optimizing the Investment Management Ability of Insurance Institutions</li> <li>• Corporate Governance Related Regulation and China Banking and Insurance Regulatory Commission Chairman's Articles</li> <li>• 2020 Pension Insurance Research</li> <li>• Voice of Asia Edition 8: Three Themes Driving the Outlook and the Next Wave</li> <li>• Post COVID-19: How China Recovering its Implications Mainland Insurers</li> <li>• Anti-money Laundering Training Material: Basic Knowledge of Anti-money Laundering</li> </ul> <p><b>Claudia Salem</b></p> <ul style="list-style-type: none"> <li>• #lead Experience the Adventure in the #lead Platform</li> <li>• Overview of Section 17A of Malaysian Anti-Corruption Act 2009 by Wong &amp; Partners</li> <li>• #lead Experience: Asia/Australia</li> <li>• Virtual AZI 2020</li> </ul> <p>The Company Secretary constantly keeps herself abreast of the regulatory changes and development in sustainability and CG through continuous training. The Board is satisfied with the performance and support rendered by the Company Secretary to the Board in discharging her duties.</p> <p>Further details to the roles and responsibilities of the Company Secretary are disclosed in the Board Charter, which is available on the Company's website.</p>
<p><b>Explanation for departure</b> :</p>	

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b>	:		
<b>Timeframe</b>	:		



### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.5

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Directors have direct access to the advice and services of the Company Secretary. The Company Secretary works closely with the Management to ensure that there are timely and appropriate information flows to the Board and Board Committees, and between the Non-Executive Directors and the Management.</p> <p>Board Meetings for FY 2021 was scheduled in August 2020 and circulated to the Directors and Senior Management to accord sufficient time for the Directors to plan their meeting schedule. The Board meets regularly at least five times in a year. Additional Board Meetings may be held as and when required to discuss matters or proposals which require the Board's urgent decision.</p> <p>All Directors have direct access to the Senior Management and have unrestricted access to all information and documents relevant to the business and affairs of the Group. The Board may invite any employees to be in attendance of Board and Board Committee Meetings to assist in its deliberation.</p> <p>An email stating the deadline for submission of meeting papers will be sent by the Company Secretarial Department to the respective departments at least one month prior to the date of Board or Board Committee Meetings, to allow sufficient time for the respective departments to prepare and submit their proposal papers.</p> <p>In the effort to reduce carbon footprint, the Company had moved towards electronic Board and Board Committee papers since 2011. The meeting papers are uploaded to a secured file server designated specifically for the Directors, where the Directors are able to access to the e-meeting papers at any time.</p> <p>The Board and Board Committee Meetings are conducted in accordance with a structured agenda approved by the respective Chairmen. The agenda and meeting papers, including the minutes</p>

of the previous meeting are uploaded to the secured file server at least one week prior to the meetings in order to accord sufficient time for the Directors to review and consider issues to be discussed at the meetings. Urgent matters may be tabled for the Board's and Board Committees' deliberation under a supplemental agenda approved by the Chairman.

The meeting papers are prepared in accordance with a prescribed format by the Company Secretarial Department, which aims to provide clear, comprehensive and concise information to the Board and Board Committees to facilitate their deliberation and decision-making. The minimum information provided to the Board and Board Committees on proposals to be deliberated includes objective, background, proposals, rationale as well as financial and non-financial impact of the proposals for the Board and Board Committees to make informed and effective decisions.

A special chat group had also been set up specifically for the Directors, CEO, CFO and Company Secretary to facilitate communication.

In view of the COVID-19 pandemic and for safety consideration, the Directors were encouraged to participate the Board and Board Committee Meetings virtually. In this regard, conference call and video conferencing facilities have been put in place to enable Directors to attend respective meetings virtually.

In between Board Meetings, the Board is informed or updated, on important issues and/or major development of matters discussed in the Board Meetings, by the Management and/or the Company Secretary. Briefing will be arranged on important issues that require the Board's urgent attention.

In addition to matters which require the Board's approval, the Board is consistently being informed and updated on matters in relation to business operations, financial and business reviews and developments, Group's strategy, information on business proposition including market share, industry developments, corporate proposals, risk management review, regulation updates, compliance, customer focus initiatives and other operational efficiency projects. The Board is also informed of the decisions and significant issues deliberated by the Board Committees via the reporting of the Chairman of the respective Board Committees and the minutes of the Board Committees tabled at the Board Meetings.

In order to ensure the efficient flow of information between the Board and Management, the decisions made at the Board Meetings are circulated to the Directors, CEO and the relevant project owners within one day after the conclusion of the Board Meetings.

	<p>The proceedings of the Board and Board Committee Meetings are minuted to reflect the deliberations and decisions of the meetings. The draft minutes will be tabled at the next meetings respectively for confirmation.</p>	
<p><b>Explanation for departure</b></p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></p>	<p>:</p>	

### Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

### Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established a Board Charter which encompasses, among others, the Board's role, duties, responsibilities, powers, code of conduct, division of responsibilities and powers between the Board and Management and between the Chairman and the CEO, the terms of reference of the Board Committees, the performance evaluation process for the Directors and Board Committees, to serve as a guide or key reference points for the Directors and the stakeholders.</p> <p>The Board Charter is reviewed on an annual basis and updated from time to time to ensure that it is in line with the internal and regulatory requirements as well as governance best practices. The Board Charter is also published on the Company's website.</p> <p><u>Roles and Responsibilities of the Board and Management</u></p> <p>The Board has in place the Authority Limit Guidelines detailing matters specifically reserved for the Board's decision and those delegated to the Board Committees, the Management and the parameters in relation thereto. The operational authority limits delegated to the Management incorporates segregation of duties, and checks and balances in delegation of authority.</p> <p>The Authority Limit Guidelines set out the responsibilities and the approval limits for each party, and are made available to all Directors and accessible by staff via the Group's staff e-portal. The Authority Limit Guidelines are regularly reviewed and updated to accommodate changes in the scope and activities of the Company's business and operations. The Board approves the Authority Limit Guidelines and any changes thereto.</p>

The Board is accountable to the shareholders and therefore should use its best efforts to ensure that the Company is properly managed and constantly improved so as to protect and enhance shareholders value and to meet the Company's obligations to all parties which the Company interacts. The responsibilities of the Board are explained in Practice 1.1 in this CG Report.

Senior Management Committee comprises the Senior Management set up at each subsidiary level within the Group and chaired by the CEO of the respective companies. Various Management Committees are established by the respective Senior Management Committees with specific terms of reference, to assist in managing the day-to-day operations of the Group and ensure its effectiveness. The Management Committees formulate tactical plans and business strategies, monitor the performance of the Group and ensure that activities are carried out in accordance with corporate objectives, strategies, business plans and policies as approved by the respective Boards of the Group.

#### Board Committees

The Board in the course of carrying out its duties may set up Board Committees delegated with specific authority and operating on the terms of reference as approved by the Board, to assist the Board in the execution of its responsibilities. These Board Committees shall have the authority to examine matters under their terms of reference and report to the Board with their recommendations. Although specific authority is delegated to the Board Committees, the ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

Three Board Committees namely Audit Committee of the AMB Board ("AC"), RMC and NRC were established to assist the Board on specific areas of responsibilities as described in their respective terms of reference. These Board Committees for the Group are centralised at AMB Board level. The respective Chairmen of the Board Committees will report to the respective Boards on issues, views and recommendations raised by the respective Board Committees.

The compositions of the respective Board Committees can be found in this CG Report.

The terms of reference of the respective Board Committees are detailed in the Board Charter.

#### Roles and responsibilities of individual directors

An Independent Non-Executive Director ("INED") is a Director who is independent of management and free from any business or other relationship which can interfere with the exercise of

independent judgment or the ability to act in the best interests of the Company.

The primary responsibility of INEDs is to protect the interest of minority shareholders and other stakeholders. The effective participation of INEDs serves to promote greater accountability and balance in the Board's decision-making process.

As at 31 December 2020, the INEDs made up a majority of the Board members. They play a significant role in bringing impartiality and scrutiny to the Board's deliberations and decision-making, so that no single party can dominate such decision-making in the Company.

The INEDs engage proactively with the Management, the governance and operational functions as well as the external auditors via their respective roles as the Chairmen or members of the Board Committees, to ensure that concerns and issues relevant to the Management and oversight of the business and operations of the Group are properly addressed.

The Non-Independent Non-Executive Directors ("NINEDs") act as a bridge between the Management and stakeholders, particularly major shareholder. They can provide the relevant checks and balances, focusing on shareholders' and other stakeholders' interests and ensuring that high standards of CG are applied. The NINEDs also provide business guidance to the Management and contribute positively to the Board through their strong technical knowledge, exposure in various markets and sharing of knowledge and best practices.

The Chairman and the INEDs or NINEDs do not engage in the day-to-day management of the Company. The INEDs also do not participate in any business dealings with the Group and do not have any relationship with the substantial shareholders of the Company.

Further details of the roles and responsibilities of INED and NINED are disclosed in the Board Charter.

#### Key matters reserved for the Board

Key matters reserved for the Board's approval include, among others, the quarterly financial results, audited financial statements, annual business plan, strategies and budget, declaration of dividend, significant transactions or expenditures, related party transactions, restructuring, appointment of Director and Chairman/Member of Board Committees, appointment of Senior Management, remuneration for Directors and Senior Management.

<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

### Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Directors' Code of Ethics is formulated based on the Code of Ethics for Directors established by the Companies Commission of Malaysia. It aims to enhance the standard of CG and corporate behaviour based on principles in relation to sincerity, integrity, responsibility and corporate social responsibility. The detailed Code of Ethics for Directors is set out in the Board Charter, which is available on the Company's website.</p> <p>The Board had in February 2021 approved the revised Allianz SE Group Code of Conduct ("COC") which was adopted from Allianz SE Group. The COC sets the value and principles that guide the actions of all employees in fulfilling Allianz SE Group's internal purpose – "We secure your future". The COC reflects the Group's commitment to running its business sustainably and with integrity. Following the latest revision on the COC, the Board had also adopted the COC as the code of conduct for the Directors.</p> <p>The Allianz SE Code of Conduct is incorporated in the Board Charter which is published on the Company's website.</p> <p>In addition, the Group enforces stringent ethical standards to ensure transparency and accountability through the implementation of policies and procedures as described below:-</p> <p><u>Conflict of Interest</u></p> <p>In ensuring that the decision-making process is transparent and to the best interest of the Group, the Group has established a Conflict of Interest ("COI") Policy for Employees ("COI Policy"). All employees should avoid situations that involve or may involve a conflict between personal interest and the interest of the Group.</p>



Employees are advised to act honestly, fairly, with due care, skill and diligence and at all times have due regard to the interest and integrity of the Group and its customers during the course of employment with the Group. Every employee and Director must declare any conflict of interest on an annual basis or when involving himself/herself and his/her family as soon as such conflicting situation arises.

In addition, the Group has also in place a COI process with any third party vendor via Vendor Integrity Screening process. Conflict of interest declaration will be evaluated and based on the assessment, Compliance Department will advise whether to proceed with the appointment or otherwise. All assessments and decisions, including communication with Compliance Department are filed by applicants for audit trails.

The Directors are required to make a declaration at the Board Meeting in the event that they have interests in the proposals or subject matters being considered by the Board, including where such interest arises through close family members, in line with the requirements on disclosure of Director's interest. A Director who has a direct or deemed interest in a subject matter presented at the Board/Board Committees Meeting shall abstain from deliberation and voting on the said subject matter. The minutes of meeting will also reflect as such.

In the event a corporate proposal is required to be approved by the shareholders, interested Directors are required to abstain from voting in respect of their shareholdings in the Company on the resolutions relating to the corporate proposal. They are also required to ensure that persons connected to them, abstain from voting on the resolutions.

Directors are required to disclose any changes in their interest including their directorships to the Company Secretary within fourteen days from the changes. However, for any change in respect of the particular relating to shares, debentures, participatory interest, rights, options and contracts the notice period shall be five days. The aforementioned disclosure will be circulated to the Board members within seven days upon receipt and tabled at the AC and Board Meetings for information and record. Such changes will be immediately updated in the related party listing of the Group.

The AC regularly reviews the disclosures of the directorships and shareholdings held by Directors and persons connected with them.

#### Corruption or Bribery

The Group has adopted a localised Anti-Corruption Policy ("ACP") that outlines the guiding principles of Allianz SE, Malaysian Anti-

Corruption Commission Act 2009 (“MACC Act”) and Listing Requirements with effect from 16 June 2020. The ACP outlines the Group’s existing controls and behavioural guidelines on the risk areas of dealing with government officials, business courtesies, hiring of representatives, political contributions, joint ventures and outsourcing agreements as well as facilitation payments.

The Group’s ACP is published under the CG section of the Company’s website.

#### Gift and Entertainment

The Group’s Minimum Standards on Gifts and Entertainment set out the minimum standards for employees to offer, give, promise or authorise any gifts and entertainment to clients or business partners or to receive the same from them. The Group gives highest priority to the interests of clients, and employees must not abuse their position for personal or private gain for themselves, their families or other persons. Therefore, it is generally prohibited for employees to offer, give, promise or authorise any gift or entertainment to clients or business partners or to receive the same from them, unless the prescribed conditions are met.

The Group’s Minimum Standards on Gifts and Entertainment is supplementary to the Code of Conduct and the Group’s Anti-Corruption Policy.

#### Sponsoring and Hospitality

The Sponsoring and Hospitality Guidance is to be used in addition to the Group’s Minimum Standards on Gifts and Entertainment and it focuses on “corporate hospitality/events”, i.e. invitations extended to the Group’s employees or invitations extended by Allianz to clients or business partners or others. General conditions to be fulfilled for any kind of sponsoring, hospitality or invitations, invitations that require prior consultation of Compliance Department, prohibitions and approval requirements.

#### Vendor Integrity Screening

The Vendor Integrity Screening process which is a part of the Allianz SE Group’s Anti-Corruption Programme, aims at ensuring an integrity based due diligence before any third party vendor is engaged. The screening contains a self-assessment section which among others, includes questions on anti-corruption to be answered by the potential vendor and a risk evaluation to be completed by the relevant staff/department in charge. Only those vendors whose screening does not reveal any negative findings will be engaged.

### Dealing with Government Client

The guideline on dealing with government client provides the procedures/guidance for employees when dealing with government client particularly on obtaining of information and communicating with a government client situation, submission on tender bid or quotation to a government client and payment of premium, refund of premium and payment of claim between the Group and government clients. The government client's business can only be accepted with prior approval of the Senior Management Committee.

### Anti-Fraud

The Group has a zero tolerance policy for fraud. The Board and Senior Management of the Group do not tolerate any attempt of fraud and consider it a serious offence. To support this objective, the Group has adopted the Allianz SE Group's Anti-Fraud Policy for preventing and detecting fraud and mitigating fraud risks. The Group's Anti-Fraud Policy defines fraud events, investigation process, reporting procedures, fraud risk assessments, training and the roles and responsibilities of Management and employees.

The oversight of fraud matters of the Group is performed by the Group's Integrity Committee ("InC"). The InC coordinates all activities concerning prevention and detection of fraud and handling of whistleblowing incidents. The InC reports its findings and recommendations to the AC.

The Group's Anti-Fraud Policy is published under the CG section on the Company's website.

### Antitrust

The Group has adopted the Allianz Antitrust Standard of Allianz SE ("Standard") which promotes free and fair competition. The Standard outlines key principles for compliance with antitrust laws and in Malaysia, these are in essence addressed in the Competition Act 2010. Under the Standard, the Management is responsible to ensure necessary and reasonable measures are established and implemented to effectively prevent, detect and respond to violations of applicable antitrust laws.

### Insider Trading

Directors and Senior Management of the Group ("Affected Parties") are prohibited from trading in securities or any kind of property based on price sensitive information and knowledge which have not been publicly announced. In addition, the Affected Parties are prohibited from dealing in the securities of the Company during closed period which commences 30 calendar

days before the targeted date of announcement of the Company's quarterly results to Bursa Malaysia up to the date of the announcement.

In ensuring that the Affected Parties comply with the above trading requirements, notices with regard to the closed period for trading in the Company's securities are issued by the Company Secretary to the Affected Parties at least seven days prior to the commencement of the closed periods. The notices also set out the circumstances and procedures that need to be followed if the Affected Parties who are not in possession of price-sensitive information relating to the Company's securities wish to engage in dealing in the Company's securities during the closed periods.

In 2020, none of the Directors dealt in the Company's securities during the closed periods.

In addition, the Group has also adopted Allianz SE Standard for Capital Markets Compliance which prohibit dealings in the financial instruments issued or guaranteed by Allianz SE or their respective derivatives or related financial instruments during "Black-Out Periods" which commences 30 calendar days before the targeted date of announcement of Allianz SE's quarterly results or 60 calendar days before the targeted date of announcement of Allianz SE's year end financial results.

#### Anti-Money Laundering and Counter Financing of Terrorism ("AML/CFT")

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The Group has in place internal policies and procedures relating to AML/CFT to prevent and detect money laundering and terrorism financing activities.

#### Management Authority Limit

The Boards' approving authority is delegated to the Management through formal and defined operational authority limits that governs business procedures and decision-making process in the Group. The operational authority limits incorporate segregation of duties and checks and balances in delegation of authority.

The Management's authority limits include limits for underwriting of risks, claims settlement, reinsurance and capital expenditures, and are reviewed and updated to ensure relevance to the Group's operations. Such authority limits are documented and made available to all staff via the Group's staff e-portal.

#### Fit and Proper Requirements

All Directors must fulfil the criteria of "a fit and proper person" for their appointment as Directors as prescribed under the Financial

	<p>Services Act 2013 (“FSA”) and the BNM’s Guidelines on Fit and Proper for Key Responsible Persons. In addition, the Group has in place the Fit and Proper Policy and Procedures for Key Responsible Persons (“Group Fit and Proper Policy”) to assess the fitness and propriety of the Senior Management and Directors. The Group also adopted the Allianz SE Group’s Fit and Proper Policy to safeguard a high fit and proper standard across all operating entities of Allianz SE Group for Senior Management and key function members.</p> <p>During the FY 2020, the Allianz SE Group’s Fit and Proper Policy version 6.0 was submitted to NRC for consideration and NRC noted that necessary actions have been taken to address the gaps identified. The Group Fit and Proper Policy will be periodically reviewed to ensure that it is in line with the internal and regulatory requirements. The NRC recommended the Allianz SE Group’s Fit and Proper Policy version 6.0 to the respective Boards of the Group for adoption.</p> <p>All Directors as well as Senior Management are required to make an annual declaration that they fulfil the minimum criteria of “a fit and proper person” as prescribed in the FSA.</p> <p>In addition, credit and criminal checks as well as internet searches are conducted annually to ensure that Directors and Senior Management are qualified to hold office for the subsequent year.</p> <p>The assessment results of the fit and proper declarations will be presented to the NRC for review prior to the same being presented to the Board.</p> <p>During the FY 2020, the NRC reviewed the list of Senior Management of the Group and the assessment results of the annual Fit and Proper declarations of the Directors and Senior Management of the Group, submitted the assessment results to the respective Boards of the Group for review.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

**Intended Outcome**

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

**Practice 3.2**

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The commercial activities of the Group are based upon trust of the Group’s customers, shareholders, employees and general public. Therefore, it is important that any issues of illegal or questionable activities are reported to the Management for prompt investigation and intervening action.</p> <p>The Group has recently reviewed and revised the Group’s Whistleblowing Policies and Procedures (“Whistleblowing Policy”) to enhance the effectiveness and efficiency of managing whistleblowing matters. The Whistleblowing Policy describes the Group’s Speak-Up Policy, avenues for filing a concern and handling of whistleblowing incidents by the employees and external party or any insurance intermediary. The Group has also established a whistleblowing mechanism to enable anonymous and non-anonymous reporting of any breach of the COC, any laws, regulations, orders or internal rules. All whistleblowing incidents in the Group are assessed confidentially by the InC and the findings are reported to the AC.</p> <p>For this purpose, employees of the Group may raise concerns or report anonymously or non-anonymously via the following channels:-</p> <ul style="list-style-type: none"> <li>(i) Employee’s direct line manager</li> <li>(ii) Senior Management of the Group</li> <li>(iii) Group Head of Internal Audit Department (“IAD”)</li> <li>(iv) Group Head of Human Resources Division</li> <li>(v) Group Head of Legal Department</li> <li>(vi) Compliance Department</li> <li>(vii) AC Members</li> <li>(viii) The Group’s Compliance Officers, Allianz SE Group Legal and Compliance and Allianz SE Singapore Branch Compliance</li> <li>(ix) The respective whistleblowing intranet portal of the Group, Allianz SE Group Compliance and Allianz SE Singapore Branch Compliance</li> </ul>

	<p>For business partners, they may report whistleblowing matters to the Compliance Officer at <a href="mailto:compliance.officer@allianz.com.my">compliance.officer@allianz.com.my</a>.</p> <p>To raise awareness of the Whistleblowing Policy and avenues for reporting, the Compliance Department conducts awareness programmes to the Group's employees on a periodic basis to ensure effective implementation of the Whistleblowing Policy while the adherence to the Whistleblowing Policy will be reviewed by the IAD based on their Internal Audit Programme.</p> <p>The Whistleblowing Policy is published under the CG section of the Company's website.</p>	
<b>Explanation for departure</b> :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

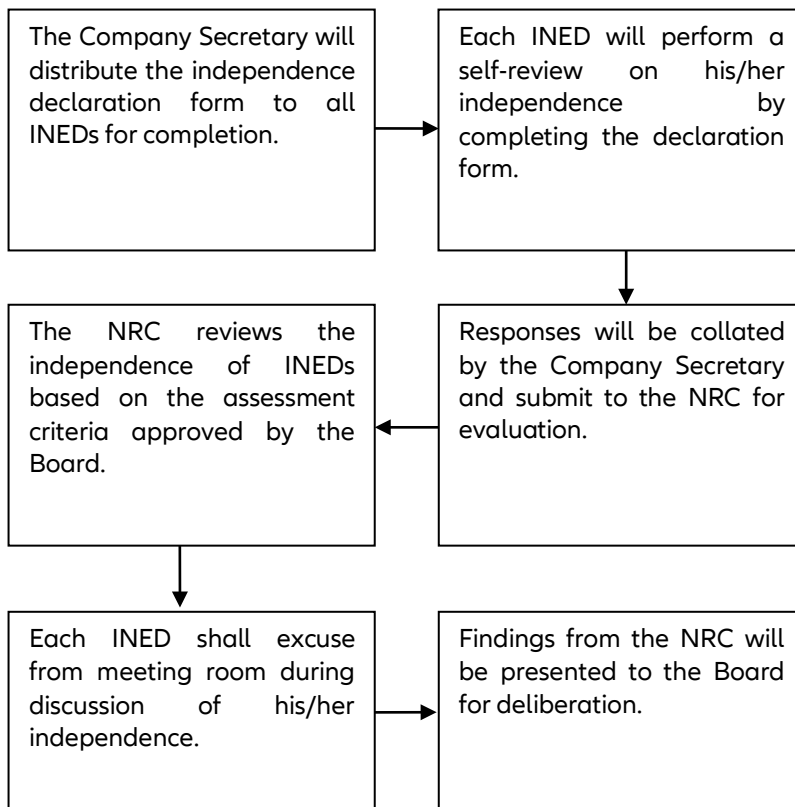
Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 4.1

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

<b>Application</b>	:	Applied										
<b>Explanation on application of the practice</b>	:	<p>The Board comprises six Directors with four INEDs and two NINEDs. The composition of the Board is in compliance with Chapter 15.02 of the Listing Requirements. The composition of the Board as at 31 December 2020 is as follows:-</p> <table border="1"><thead><tr><th>INED</th><th>NINED</th></tr></thead><tbody><tr><td>(i) Tan Sri Datuk (Dr.) Rafiah Binti Salim</td><td>(i) Solmaz Altin</td></tr><tr><td>(ii) Tunku Zain Al-'Abidin Ibni Tuanku Muhriz</td><td>(ii) Claudia Salem</td></tr><tr><td>(iii) Peter Ho Kok Wai</td><td></td></tr><tr><td>(iv) Goh Ching Yin</td><td></td></tr></tbody></table> <p><u>Independence Assessment</u></p> <p>Each Independent Director is required to complete an independence assessment annually or upon admission or more frequently when a change in position or relationship warrants it or when any new interest or relationship develops. The NRC will review the independence of the INEDs based on the assessment criteria approved by the Board and present its observations to the respective Boards of the Group for deliberation.</p> <p>The following illustrates the evaluation process of INEDs:-</p>	INED	NINED	(i) Tan Sri Datuk (Dr.) Rafiah Binti Salim	(i) Solmaz Altin	(ii) Tunku Zain Al-'Abidin Ibni Tuanku Muhriz	(ii) Claudia Salem	(iii) Peter Ho Kok Wai		(iv) Goh Ching Yin	
INED	NINED											
(i) Tan Sri Datuk (Dr.) Rafiah Binti Salim	(i) Solmaz Altin											
(ii) Tunku Zain Al-'Abidin Ibni Tuanku Muhriz	(ii) Claudia Salem											
(iii) Peter Ho Kok Wai												
(iv) Goh Ching Yin												





The annual independence assessment on INEDs for year 2020 was performed by the NRC in February 2020. When assessing independence, the NRC focused beyond the INEDs’ background, economic, family relationships and also considered whether the INEDs could continue bringing the independent and objective judgment to the Board. In addition to the above, KPMG Management & Risk Consulting Sdn Bhd (“KPMG”) was engaged KPMG to conduct a Board Effectiveness Evaluation (“BEE”) which covers the Independent Directors’ Self-Assessment for the INEDs of the Group. Further details on the BEE are disclosed in Practice 5.1 of this CG Report.

The NRC was satisfied that all INEDs of the Group fulfilled the criteria under the definition of Independent Director as prescribed by the authorities and that they have demonstrated independent and objective judgment in respective Board/Board Committee deliberations and acting in the best interest of the Group, as well as safeguarding the interests of minority shareholders and stakeholders. The NRC was of the view that all INEDs of the Group remain independent and therefore, shall maintain their Independent Director status in the respective Boards. The observations from the NRC were submitted to the Board for deliberation.

	The Board concurred with the NRC that all INEDs of the Company remain independence and shall maintain their Independent Director status in the Company.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 4.2**

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

<b>Application</b>	:	Not applicable - Step Up 4.3 adopted	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 4.3 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years.

<b>Application</b>	:	Adopted										
<b>Explanation on adoption of the practice</b>	:	<p>The Group adopted the policy in relation to the appointment of Independent Directors, where the tenure of the Independent Directors is set for a maximum period of nine years. An INED who has served the Board for a consecutive service of more than nine years may continue to serve on the Board but in the capacity of a NINED.</p> <p>During the FY 2020, none of the INEDs of the Company has served for a cumulative term of nine years. The tenure of the Independent Directors as at 31 December 2020 is as follows:-</p> <table border="1"><thead><tr><th>INED</th><th>No. of years of tenure</th></tr></thead><tbody><tr><td>Tan Sri Datuk (Dr.) Rafiah Binti Salim</td><td>8 years 1 month</td></tr><tr><td>Tunku Zain Al-'Abidin Ibni Tuanku Muhriz</td><td>6 years 1 month</td></tr><tr><td>Peter Ho Kok Wai</td><td>1 year 3 months</td></tr><tr><td>Goh Ching Yin</td><td>6 months</td></tr></tbody></table> <p>The abovementioned policy is included in the Board Charter, which is published on the Company's website.</p>	INED	No. of years of tenure	Tan Sri Datuk (Dr.) Rafiah Binti Salim	8 years 1 month	Tunku Zain Al-'Abidin Ibni Tuanku Muhriz	6 years 1 month	Peter Ho Kok Wai	1 year 3 months	Goh Ching Yin	6 months
INED	No. of years of tenure											
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Tunku Zain Al-'Abidin Ibni Tuanku Muhriz	6 years 1 month											
Peter Ho Kok Wai	1 year 3 months											
Goh Ching Yin	6 months											

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 4.4

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises the importance of having a diverse Board in terms of experience, skills, competence, ethnicity, gender, culture and age. The size and composition of the Board shall be appropriate and well balanced to cater for the interest of the majority and minority shareholders as well as the business of the Company. Membership of the Board will be drawn from various fields as may be determined by the Board from time to time with a balance of skills and experiences appropriate to the business of the Company.</p> <p>Nomination of candidates for appointment as Directors and CEO will be evaluated by the NRC and the NRC takes into consideration the criteria as prescribed by BNM, the Fit and Proper requirements and any other requirements as prescribed under the FSA, CA and Listing Requirement, when assessing the candidate for the position. The NRC in making its recommendation on candidates for directorship will consider the candidate's:-</p> <ul style="list-style-type: none"><li>(i) skill, knowledge, competencies, expertise and experience;</li><li>(ii) professionalism;</li><li>(iii) integrity;</li><li>(iv) commitment, contribution and performance; and</li><li>(v) in the case of candidate for the position of INEDs, the NRC should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from an INED.</li></ul> <p>In the effort to promote Board gender diversity, the NRC has taken steps to ensure that female candidates are sought and considered in its recruitment exercise for appointment of new Directors to the Board.</p> <p>The NRC performs an annual review of the composition of the Board in terms of the appropriate size and mix of skills, balance between Executive, Non-Executive and INEDs as well as diversity including gender diversity and other core competencies required ("Composition Mix") to ensure that Composition Mix is appropriate and relevant to the business of the Group.</p>

The NRC reviewed the 3-year succession planning in FY 2019 for the Boards of the Group, and the composition of the Board Committees, taking into consideration the qualification, skills and expertise of the members of the Boards and submitted its recommendation to the respective Boards for consideration.

The Board information for as at 31 December 2020 is presented below:-

Board Composition	No. of Directors	%
Independent	4	67%
Non-Independent	2	33%
<b>Total</b>	<b>6</b>	<b>100%</b>

Gender	No. of Directors	%
Male	4	67%
Female	2	33%
<b>Total</b>	<b>6</b>	<b>100%</b>

Age Group of Directors	No. of Directors	%
30 – 40	1	17%
41 – 50	2	33%
61 – 70	2	33%
71 and above	1	17%
<b>Total</b>	<b>6</b>	<b>100%</b>

Length of service	No. of Directors	%
Less than 1 year	1	17%
1 year – 4 years	3	50%
5 years – 9 years	2	33%
<b>Total</b>	<b>6</b>	<b>100%</b>

The Board's experience and expertise based on the Board composition during FY 2020 are as follows:-

- (i) Finance, accounting and audit
- (ii) Banking and insurance
- (iii) Human resource and development
- (iv) Information technology
- (v) Legal and regulatory
- (vi) Governance
- (vii) Leadership
- (viii) Risk Management

The Company is pleased to receive the recognition for being ranked fourth on overall score of the inaugural Malaysia Board Diversity Index amongst 312 companies listed on Bursa Malaysia. The Malaysia Board Diversity study was conducted by the Institute of Corporate Directors Malaysia in collaboration with Willis Towers

Watson which aims to provide a snapshot Malaysia's board diversity landscape as at 31 December 2019.

The NRC is assigned with the responsibility to oversee the succession plan for the Senior Management and evaluate the nomination of appointment of Senior Management.

Prior to appointment of Senior Management, the Company will assess the fitness and propriety of the candidates as prescribed under the Group Fit and Proper Policy. In addition, in line with the Employee Screening Policy Document issued by BNM, pre-employment screening is also performed for every new candidate for Senior Management.

During the FY 2020, the NRC had reviewed the proposed appointment/re-appointment of several Senior Management positions in the Group and submitted its observations to the respective Boards of the Group for consideration. NRC also reviewed and deliberated the succession plan for Senior Management of the Group and submitted their recommendation to the respective Boards of the Group for consideration.

The Senior Management profile of the Group as at 31 December 2020 is presented below:-

Gender	No. of Senior Management	%
Male	12	50%
Female	12	50%
<b>Total</b>	<b>24</b>	<b>100%</b>

Age Group	No. of Senior Management	%
30 – 40	4	17%
41 – 50	6	25%
51 – 60	14	58%
<b>Total</b>	<b>24</b>	<b>100%</b>

The Group embraces inclusion and diversity which builds a culture that respects and values difference and emphasises equal opportunity for all. The Group also has entrenched principles of non-discrimination throughout its hiring and employee development policies, where individuals are recognised based on talent, experience and behavioural attributes.

The employee profile of the Group as at 31 December 2020 is presented below:-

	<table border="1"> <thead> <tr> <th colspan="2"><b>Age Structure of Employees by Age</b></th> <th><b>%</b></th> </tr> </thead> <tbody> <tr> <td>25 or under</td> <td></td> <td>4.37</td> </tr> <tr> <td>25 – 34</td> <td></td> <td>35.44</td> </tr> <tr> <td>35 – 44</td> <td></td> <td>34.65</td> </tr> <tr> <td>45 – 54</td> <td></td> <td>19.75</td> </tr> <tr> <td>55 and above</td> <td></td> <td>5.79</td> </tr> <tr> <td>Total</td> <td></td> <td>100%</td> </tr> </tbody> </table>		<b>Age Structure of Employees by Age</b>		<b>%</b>	25 or under		4.37	25 – 34		35.44	35 – 44		34.65	45 – 54		19.75	55 and above		5.79	Total		100%						
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	<table border="1"> <thead> <tr> <th colspan="2"><b>Gender Distribution</b></th> <th><b>%</b></th> </tr> </thead> <tbody> <tr> <td colspan="3"><b>Management positions</b></td> </tr> <tr> <td>Male</td> <td></td> <td>39.39</td> </tr> <tr> <td>Female</td> <td></td> <td>60.61</td> </tr> <tr> <td>Total</td> <td></td> <td>100%</td> </tr> <tr> <td colspan="3"><b>All employees</b></td> </tr> <tr> <td>Male</td> <td></td> <td>33.70</td> </tr> <tr> <td>Female</td> <td></td> <td>66.30</td> </tr> <tr> <td>Total</td> <td></td> <td>100%</td> </tr> </tbody> </table>		<b>Gender Distribution</b>		<b>%</b>	<b>Management positions</b>			Male		39.39	Female		60.61	Total		100%	<b>All employees</b>			Male		33.70	Female		66.30	Total		100%
	<b>Gender Distribution</b>		<b>%</b>																										
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Female		66.30																											
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<p>The profiles of the Directors and Senior Management are set out in the Annual Report 2020.</p> <p>Further details of the Group’s employees are disclosed in the Sustainability Statement in the Annual Report 2020.</p>																													
<b>Explanation for departure</b>	:																												
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>																													
<b>Measure</b>	:																												
<b>Timeframe</b>	:																												



### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board's commitment to diversity permeates throughout all levels of the organisation, including the appointment of candidate to the Board.</p> <p>Whilst the Board supports the universal move to appoint more female Directors to the Board, the Board is guided by the principal that appointment of new Board member shall not be based solely on gender but rather the candidate's skill set, competencies, experience and knowledge in areas identified by the Board. Nevertheless, the Board fully endorsed that female candidates should be included in the evaluation process for appointment of new Directors to the Board.</p> <p>In the effort to promote Board gender diversity, the NRC has taken steps to ensure that female candidates are sought and considered in its recruitment exercise for appointment of new Directors to the Board.</p> <p>The Board achieved 33% of female Directors as at FY 2020 which was made up by two female Directors out of a total of six Directors, serving on the Board.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 4.6**

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

<p><b>Application</b></p>	<p>: Applied</p>
<p><b>Explanation on application of the practice</b></p>	<p>The Board has in place the following process and procedures for nomination of new candidates:-</p> <pre> graph TD     A[Identification of skills/gaps] --&gt; B[Sourcing for candidates]     B --&gt; C[Selection of candidates]     C --&gt; D[Initial interaction with shortlisted candidates]     D --&gt; E[Fit and Proper Assessment]     E --&gt; F[Review by the NRC]     F --&gt; G[Recommendation for Board's approval]     G --&gt; H[BNM's approval]     </pre> <p>When sourcing for potential candidates for appointment to the Board, the Board leverages on the Directors’ network, shareholders’ recommendation and industry sources such as Directors Register, a joint initiative by Financial Institutions Directors’ Education Forum, BNM, Perbadanan Insurans Deposit Malaysia and LeadWomen Sdn Bhd, a Malaysian owned consulting company focused on developing and advancing female leaders in Asia, to source for potential candidates for appointment to the Board.</p> <p>Upon the nomination for appointment of Directors, the NRC evaluates the candidates in accordance with the criteria as prescribed by BNM, the Fit and Proper requirements and any other requirements as prescribed under the FSA, the CA and the Listing Requirements, together with the credit and criminal checks as well as internet searches of the candidates.</p>

	All appointments of Board members are subject to the evaluation by the NRC and approved by the Board. For the insurance subsidiaries of the Company, the appointment of Directors shall be subject to the prior approval of BNM pursuant to Section 54(2) of the FSA.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 4.7

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

<b>Application</b>	:	Applied								
<b>Explanation on application of the practice</b>	:	<p>The NRC is chaired by an INED, Tunku Zain Al-'Abidin Ibni Tuanku Muhriz.</p> <p>The NRC comprises exclusively INEDs and the composition of the NRC complies with the requirement of paragraph 15.08A(1) of the Listing Requirements as well as the Malaysian Code on Corporate Governance ("Code"). The composition of NRC as at 31 December 2020, is as follows:-</p> <table border="1"><thead><tr><th>Director</th><th>Composition</th></tr></thead><tbody><tr><td>Tunku Zain Al-'Abidin Ibni Tuanku Muhriz</td><td>Chairman</td></tr><tr><td>Tan Sri Datuk (Dr.) Rafiah Binti Salim</td><td>Member</td></tr><tr><td>Goh Ching Yin</td><td>Member</td></tr></tbody></table> <p>The NRC Chairman, Tunku Zain Al-'Abidin Ibni Tuanku Muhriz, plays the role in bringing impartiality and scrutiny to the deliberations and decision-making process. He demonstrates the competencies and capabilities which ensures the NRC meetings run efficiently and encourages active participation and healthy debate among the members of the NRC. The NRC Chairman also maintains on-going engagement with the Group Head of Human Resources Division to discuss on key human resource related topics, such as performance and rewards, talent management and development, employee engagement and succession planning.</p>	Director	Composition	Tunku Zain Al-'Abidin Ibni Tuanku Muhriz	Chairman	Tan Sri Datuk (Dr.) Rafiah Binti Salim	Member	Goh Ching Yin	Member
Director	Composition									
Tunku Zain Al-'Abidin Ibni Tuanku Muhriz	Chairman									
Tan Sri Datuk (Dr.) Rafiah Binti Salim	Member									
Goh Ching Yin	Member									
<b>Explanation for departure</b>	:									
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>										
<b>Measure</b>	:									
<b>Timeframe</b>	:									

## Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

### Practice 5.1

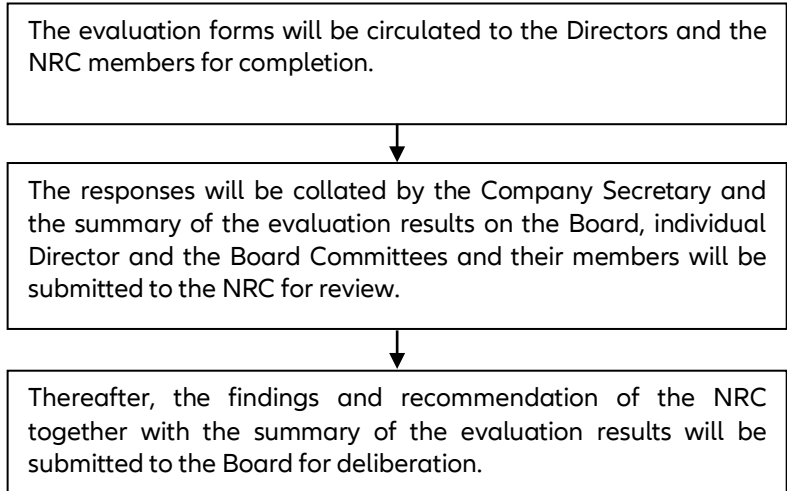
The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NRC conducts an annual assessment of the performance and effectiveness of the Board, Board Committees and the contribution by each Director to the effectiveness of the Board and Board Committees.</p> <p>The following performance evaluation processes were established to evaluate the performance of the Board, Individual Directors, Board Committees and their members:-</p> <p><u>Board and Individual Directors Evaluation by Peers</u></p> <p>The Annual Performance Evaluation on the Board covers the following areas, among others:-</p> <ul style="list-style-type: none"><li>• Roles and responsibilities</li><li>• Conformance and compliance</li><li>• Stakeholder relationships</li><li>• Performance management</li></ul> <p>The Annual Performance Evaluation on individual Directors covers the following areas, among others:-</p> <ul style="list-style-type: none"><li>• Directors' compliance with prescriptive requirements imposed by regulators</li><li>• Participation in Board and Board Committees</li><li>• Contribution to interaction</li><li>• Quality of input</li><li>• Understanding of role</li></ul> <p><u>Board Committees Evaluation by the NRC</u></p> <p>The Annual Performance Evaluation on Board Committees and their members covers the following areas, among others:-</p> <ul style="list-style-type: none"><li>• Composition</li><li>• Quality of inputs</li><li>• Level of experience</li></ul>

- Contribution and performance
- Timely reporting

The Annual Performance Evaluation by peers and the NRC are guided by the following processes and procedures:-



The Board also agreed that the Board evaluation shall be facilitated by a professional and independent party at least once in every three years. In FY 2020, the Board approved the engagement of an independent consultant, KPMG to perform the BEE and Board Remuneration Review (“BRR”) for the Group.

The BEE was conducted by KPMG in the second quarter of the FY 2020 by way of questionnaire/assessment forms and interview with the Directors as well as relevant Senior Management. The questionnaire/assessments covers the following assessment topics:-

- (i) Board of Directors’ Assessment
- (ii) Fit and Proper
- (iii) Directors’ Self and Peer Assessment
- (iv) Independent Directors’ Self-Assessment
- (v) AC
- (vi) RMC
- (vii) NRC

The overall results of the BEE were positive and the positive highlights identified were categorised into 4 categories namely Board configuration and gravitas, working relationship with Management, downstream and upstream governance and regulatory consciousness.

Apart from the positive highlights, KPMG has submitted its recommendations on areas for improvement and action plan has been established. The NRC had in November 2020 reviewed the

	summary of action plans arising from the BEE review exercise and had no objection on the same. The said action plan was also presented to the respective Boards of the Group for implementation.	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

### Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board has in place a remuneration policy for Directors which is reviewed periodically and sets out that Directors' remuneration shall be determined based on the following criteria:-</p> <ul style="list-style-type: none"><li>(i) overall performance of the Group (only applicable to Executive Directors);</li><li>(ii) level of responsibility;</li><li>(iii) expertise;</li><li>(iv) complexity of the Company's activities; and</li><li>(v) attendance at meetings (only applicable to Non-Executive Directors).</li></ul> <p><u>Procedure</u></p> <p>The NRC recommends to the Board the remuneration to be paid to each Director based on the remuneration policy as approved by the Board. It is nevertheless the ultimate responsibility of the entire Board to decide the quantum for each Director.</p> <p><u>Disclosure</u></p> <p>The composition of the remuneration for the Non-Executive Directors (who are not representing the interest of the major shareholders) are as follows:-</p> <ul style="list-style-type: none"><li>(i) Directors' fees</li></ul> <p>Directors' Fees are made up of the following components:-</p> <ul style="list-style-type: none"><li>(a) Fees for acting as a Director</li></ul>



A fixed fee is allocated to each member of the Board, a fee premium is allocated to the Chairman of the Board in view of additional accountabilities and responsibilities assumed by the Chairman.

(b) Fees for assuming additional responsibilities

Additional fees are allocated to Directors who assumed more responsibilities via their appointments in various Board Committees. A fee premium is allocated to the Chairman of the respective Board Committees in view of additional accountabilities and responsibilities assumed by them.

(ii) Meeting allowance

For 2020, the meeting allowance of RM2,645 was paid for each Board/Board Committee Meeting attended by the Directors.

(iii) Monthly allowance for the Chairman of the Board

The monthly fixed allowance is given to the Chairman in view of the Chairman's significant role in leadership and oversight as well as his/her wide range of responsibilities, amongst others, providing guidance on strategy and supporting Management in engaging with stakeholders.

The above Directors' fees and meeting allowance are only applicable to the Non-Executive Directors who are not representing the interest of the major shareholders. The Executive Directors are not entitled to the Directors' Fees and meeting allowance.

The Directors' fees, allowances and benefits payable to the Chairman and Non-Executive Directors of the Group were tabled for the shareholders' approval at the 46th AGM of the Company pursuant to Section 230 (1)(b) of the CA.

In addition to the above, the Company also provides the following insurance covers for the Directors:-

(i) Personal accident insurance and medical insurance.

(ii) Directors' and Officers' liability insurance against any liability arising from acts committed in their capacity as Directors/Officers of the Company. However, the Director shall not be indemnified if he/she is proven to have acted negligently, fraudulently or dishonestly, or in breach of his/her duty of trust.

In FY 2020, the Board engaged KPMG to assist the Board in establishing a transparent and robust remuneration framework for the Directors, taking into account the demands, complexities and performance of the Group as well as the skills and experience required of the Directors, including undertake a benchmarking analysis against peer companies and Malaysian listed companies and recommend appropriate remuneration for the Directors.

The BRR was comprehensively deliberated by the NRC and respective Boards of the Group in October 2020.

Arising from the BRR, the NRC reviewed and deliberated the proposed remuneration for Directors and in February 2021, the NRC recommended the following to the Board for consideration:-

- (i) Directors' fees be revised for financial year 2021 with a standard retainer or fixed fee to be applied across the Board and the fee for Board Committee Chairmen and Members to be streamlined, with retrospective effect on 1 January 2021:-

<b>Board and Board Committees</b>	<b>Fee per annum (RM)</b>
Board Chairman/Member	120,000
AC Chairman/Member	48,000
RMC Chairman/Member	36,000
NRC Chairman/ Member	24,000

- (ii) Payment of the Directors' fees be made on a monthly basis instead of in arrears after every AGM:-

<b>Fee</b>	<b>Annually (RM)</b>	<b>Monthly (RM)</b>
Director's Fee	120,000	10,000
AC Fee	48,000	4,000
RMC Fee	36,000	3,000
NRC Fee	24,000	2,000

- (iii) Revised meeting allowance to take effect after the 47th AGM:-

<b>Meeting allowance per meeting</b>	<b>RM</b>
Chairman	3,500
Member	3,000

- (iv) Premium to be accorded to the Chairmen of the Board and the Board Committees in recognition of their heightened responsibility assumed will be reflected in the monthly allowance (for Board Chairman) and meeting allowance. Nevertheless, the NRC proposed no change to the Chairman monthly fixed allowance.

- (v) The revised remuneration should be applicable until FY 2023.

The Board had in February 2021 approved the revised remuneration, subject to the shareholders' approval at the 47th AGM.

For the Executive Directors who are also the CEO of the Company or its insurance subsidiaries, they received remuneration based on their respective executive positions held in Company and its subsidiaries. The remuneration package of the Executive Directors comprising fixed components which includes monthly salary and other emolument and variable components that are linked to company's performance and their individual key performance indicators.

The NRC had in March 2020 reviewed the variable compensation, 2020 compensation and the compensation structure for the CEOs of the Group ("Compensation of CEOs") and recommended the same for the respective Boards' approval. Following the NRC's recommendation, the Boards had in March 2020 approved the Compensation of CEOs.

The Group has adopted the Allianz SE Group Policy for Remuneration ("Remuneration Policy") for the employees, which is in line with the Group's business and risk management strategy, its risk profile, objectives, risk management practices, and long-term interests and performance. The Remuneration Policy forms a key component of the governance and incentive structure through which the respective Boards and Senior Managements of the Group drive performance, convey acceptable risk taking behaviour and reinforce the Group's corporate and risk culture.

The remuneration components of employees are fixed and variable compensation. Base salary is the fixed remuneration component and rewards the role and responsibilities taking account of market conditions and providing for a stable source of income. The fixed component is dependent on position responsibility as well as the experience and qualification of incumbent.

Variable compensation components aim to reward performance and shall not provide incentives for risks which might be incompatible with the risk profile of the Company, including risk limits. Therefore, variable compensation components may not be paid, or payment may be restricted in the case of a breach of risk limits or a compliance breach.

The volume and relative weighting of the variable component shall depend on the level of seniority and the position. Variable

	<p>components typically consist of annual bonus (short term incentive) and mid-/long-term incentives.</p> <p>Variable compensation is determined by a combination of assessment of the individual's performance and his business unit as well as overall performance of the Company.</p> <p>The Group measures performance in an annual process which includes the key steps of agreed priorities, regular feedback, and a mid-year and year-end performance assessment. Personal priorities or targets are agreed for each evaluated employee and reflects financial and non-financial ambitions. The assessment of individual performance is holistic in nature and considers relativity against peers.</p> <p>The remuneration of Senior Management of the Group is not only determined by performance against business objectives but include other factors such as prudent risk-taking and actions affecting the long-term interests of the Company. Remuneration of Senior Management is adjusted each year to account for all types of risk and breaches, determined by both quantitative measures and qualitative judgement.</p> <p>Employees in control functions are measured on the achievement of control function objectives which determine their remuneration. Similar to all employees, actual payout is subject to overall size of bonus pool.</p> <p>A portion of the variable compensation for CEO contains a deferred component. The deferral period shall be aligned with the nature of the business, its risks, and the activities of the incumbent in question, and adopt a multi-year framework to reflect the time horizon of risks.</p> <p>The Group Policy for Remuneration Policy is published under the CG section of the Company's website.</p> <p>In FY 2020, the NRC had reviewed the 2019 performance evaluation results and the proposed promotion and remuneration of Senior Management of the Group and submitted its recommendation to the respective Boards of the Group for consideration. The NRC further reviewed the 2020 target letters of the Senior Management of the Group and recommended the same to the respective Boards of the Group for approval.</p> <p>The NRC also reviewed the 2019 staff performance bonus payout and 2020 staff salary increment of the Group and recommended for the respective Boards of the Group for approval.</p>
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<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

### Practice 6.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The NRC of the Group has the following remuneration related objectives:-</p> <ul style="list-style-type: none"><li>(i) to provide a formal and transparent procedure for developing a remuneration policy for Directors, Senior Management; and</li><li>(ii) to ensure that the compensation is competitive and consistent with the culture, objective and strategy of the Group.</li></ul> <p>The remuneration related duties and responsibilities of the NRC are as follows:-</p> <ul style="list-style-type: none"><li>(i) recommending a framework of remuneration for Directors and Senior Management of which should:-<ul style="list-style-type: none"><li>(a) be documented and approved by the full Board and to be reviewed periodically. Any changes thereto should be subject to the endorsement of the full Board;</li><li>(b) be in-line with the business and risk strategies, corporate values, long-term interests of the Group and reflect the experience and level of responsibility borne by individual Directors and Senior Management;</li><li>(c) promote prudent risk-taking behaviour and encourage individuals to act in the interests of the Group as a whole, taking into account the interests of its customers;</li></ul></li></ul>

	<ul style="list-style-type: none"> <li>(e) be sufficient to attract and retain Directors and Senior Management of calibre needed to manage the Group successfully; be designed and implemented with input from the control functions and the RMC to ensure that risk exposures and risk outcomes are adequately considered; and</li> <li>(f) be balanced against the need to ensure that the funds of the insurer are not used to subsidise excessive remuneration packages.</li> </ul> <p>(ii) recommending remuneration packages for Directors and Senior Management. The remuneration packages should be reviewed annually and:-</p> <ul style="list-style-type: none"> <li>(a) be based on an objective consideration and approved by the full Board;</li> <li>(b) take due consideration of the assessments of the NRC the effectiveness and contribution of the Directors and Senior Management concerned;</li> <li>(c) not be decided by the exercise of sole discretion of any one individual or restricted group of individuals; and</li> <li>(d) be competitive and is consistent with the culture, objective and strategy of the Group.</li> </ul> <p>(iii) reviewing and recommending the annual performance bonus and increment for the staff of the Group.</p> <p>Individual Directors shall abstain from discussion of their own remuneration.</p> <p>The composition of NRC as at 31 December 2020 is disclosed in Practice 4.7 of this CG Report.</p> <p>The terms of reference of the NRC is attached to the Board Charter which is available on the Company's website.</p>
<p><b>Explanation for departure</b> :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	

<b>Measure</b>	:		
<b>Timeframe</b>	:		



## Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

## Practice 7.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

<b>Application</b>	:	Applied																																																											
<b>Explanation on application of the practice</b>	:	<p>The Directors' remuneration of the Company (excluding 6% Services Tax, where applicable) for FY 2020, was detailed below:-</p> <p><u>Company</u></p> <table border="1"> <thead> <tr> <th rowspan="2">Director</th> <th colspan="4">(RM '000)</th> </tr> <tr> <th>Fees</th> <th>Other Emoluments *</th> <th>Benefit-in-kind</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Tan Sri Datuk (Dr.) Rafiah Binti Salim</td> <td>162</td> <td>189</td> <td>6</td> <td>357</td> </tr> <tr> <td>Tunku Zain Al-'Abidin Ibni Tuanku Muhriz</td> <td>137</td> <td>29</td> <td>-</td> <td>166</td> </tr> <tr> <td>Peter Ho Kok Wai</td> <td>140</td> <td>43</td> <td>-</td> <td>183</td> </tr> <tr> <td>Goh Ching Yin</td> <td>73</td> <td>29</td> <td>-</td> <td>102</td> </tr> <tr> <td>Dr. Muhammed Bin Abdul Khalid ^</td> <td>0.2</td> <td>-</td> <td>-</td> <td>0.2</td> </tr> <tr> <td>Solmaz Altin</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Claudia Salem</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Dato' Dr. Thillainathan A/L Ramasamy</td> <td>71</td> <td>32</td> <td>-</td> <td>103</td> </tr> <tr> <td>Marzida Binti Mohd Noor</td> <td>23</td> <td>5</td> <td>-</td> <td>28</td> </tr> <tr> <td>Datuk Gnanachandran A/L S Ayadurai ^^</td> <td>26</td> <td>11</td> <td>-</td> <td>37</td> </tr> </tbody> </table> <p>^ Dr. Muhammed Bin Abdul Khalid is an INED of Allianz General and was appointed as the Chairman of RMC on 10 December 2020, in place of Datuk Gnanachandran A/L S Ayadurai.</p> <p>^^ Prior to Datuk Gnanachandran A/L S Ayadurai's resignation on 10 December 2020, he was an INED of Allianz Life and Allianz General, as well as the Chairman of RMC.</p>	Director	(RM '000)				Fees	Other Emoluments *	Benefit-in-kind	Total	Tan Sri Datuk (Dr.) Rafiah Binti Salim	162	189	6	357	Tunku Zain Al-'Abidin Ibni Tuanku Muhriz	137	29	-	166	Peter Ho Kok Wai	140	43	-	183	Goh Ching Yin	73	29	-	102	Dr. Muhammed Bin Abdul Khalid ^	0.2	-	-	0.2	Solmaz Altin	-	-	-	-	Claudia Salem	-	-	-	-	Dato' Dr. Thillainathan A/L Ramasamy	71	32	-	103	Marzida Binti Mohd Noor	23	5	-	28	Datuk Gnanachandran A/L S Ayadurai ^^	26	11	-	37
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	<u>Group</u>				
		<b>(RM '000)</b>			
	<b>Director</b>	<b>Fees</b>	<b>Other Emoluments *</b>	<b>Benefit-in-kind</b>	<b>Total</b>
	Tan Sri Datuk (Dr.) Rafiah Binti Salim	359	349	16	724
	Tunku Zain Al-'Abidin Ibni Tuanku Muhriz	294	45	-	339
	Peter Ho Kok Wai	333	58	-	391
	Goh Ching Yin	334	197	-	531
	Solmaz Altin	-	-	-	-
	Claudia Salem	-	-	-	-
	Dato' Dr. Thillainathan A/L Ramasamy	172	37	-	209
	Marzida Binti Mohd Noor	25	5	-	30
	<b>Directors of the subsidiaries</b>				
	Dato' Dr. Kantha A/L Rasalingam	57	8	-	65
	Dr. Muhammed Bin Abdul Khalid	48	8	-	56
	Zakri Bin Mohd Khir #	-	2,242	1,017	3,259
	Anusha Thavarajah	-	-	-	-
	Datuk Gnanachandran A/L S Ayadurai	247	42	-	289
	Joseph Kumar Gross #	-	3,303	349	3,652
	<p># The remuneration that have been received or receivable arising from the position as the CEO of insurance subsidiary respectively.</p> <p>* Other emoluments comprising Chairman's allowances and meeting allowances which vary from one Director to another, depending on their directorship, number of Board Committees they sit on and the number of meetings attended during the year.</p>				
	<b>Explanation for departure</b>	:			
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>					

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

### Practice 7.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

<b>Application</b>	:	Applied		
<b>Explanation on application of the practice</b>	:	The remuneration of the top five Senior Management of the Group on a named basis for FY 2020, as follows:-		
		<b>RM</b>	<b>Senior Management</b>	<b>Position</b>
		3,650,001 – 3,700,000	Joseph Kumar Gross	CEO of Allianz Life
		3,600,001 – 3,650,000	Zakri Bin Mohd Khir	CEO of AMB and Allianz General
		1,850,001 – 1,900,000	Horst Hermann Habbig	Chief Sales Officer of Allianz General
		1,750,001 – 1,800,000	Ong Eng Chow	CFO of AMB and Allianz Life
		1,700,001 – 1,750,000	Ong Pin Hean	Chief Sales Officer of Allianz Life
<b>Explanation for departure</b>	:			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>				
<b>Measure</b>	:			
<b>Timeframe</b>	:			

**Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

**Practice 7.3 - Step Up**

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

### Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

### Practice 8.1

The Chairman of the Audit Committee is not the Chairman of the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>As at 31 December 2020, the AC comprises exclusively three INEDs.</p> <p>The AC is chaired by an INED, Peter Ho Kok Wai, who was appointed as the Chairman of the AC on 1 July 2020, in place of Dato' Dr. Thillainathan A/L Ramasamy who retired as an INED on 30 June 2020. Meanwhile, the Chairman of the Board is Tan Sri Datuk (Dr.) Rafiah Binti Salim.</p> <p>This Practice has also been reflected in the terms of reference of the AC, which is attached to the Board Charter.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

### Practice 8.2

The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises the potential threats which may arise when a former key audit partner is in a position to exert significant influence over the audit and preparation of the Company's financial statements. In this respect, a former key audit partner of the Group's shall not be appointed as a member of the AC unless a cooling-off period of two years has been observed prior to his/her appointment.</p> <p>As at 31 December 2020, none of the AC members were former key audit partners of the Group.</p> <p>This Practice has also been reflected in the terms of reference of the AC which is attached to the Board Charter.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

### Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board and the AC place great emphasises on suitability, objectivity and independence of the Group's external auditors.</p> <p>The Board is committed in ensuring the independence of the external auditors. Accordingly, significant attention is directed toward the appropriateness of the external auditors to perform services other than statutory/financial audit. The Board had on 27 March 2019 approved the Policy on Audit and Non-Audit Services Provided by External Auditors ("Audit Policy") to ensure that the suitability, independence and objectivity of the external auditors are not compromised.</p> <p>The Audit Policy sets forth the procedures with respect to the engagement of the external auditors to perform audit, audit-related and non-audit services for the Group. The Audit Policy also stipulates the guidance on audit and non-audit services that may be undertaken by the external auditors as well as the prohibited services that may not be provided by the external auditors and the criteria and approval procedures in dealing with audit and non-audit services.</p> <p>The Audit Policy is available on the Company's website (under the CG section).</p> <p>In compliance with BNM's Policy Document on External Auditors ("PDEA"), the AC is required to assess the qualifications, independence and performance of the external auditors. The AC is also required to recommend to the Board on the proposed appointment of the engagement partner and the concurring partner. Further, the AC ensures that there is a rotation on the said partners at least once in every five years in accordance with BNM's PDEA, and rotation on the audit firm at least once in every ten years in line with Allianz SE Group's practice based on European Union audit legislation.</p>

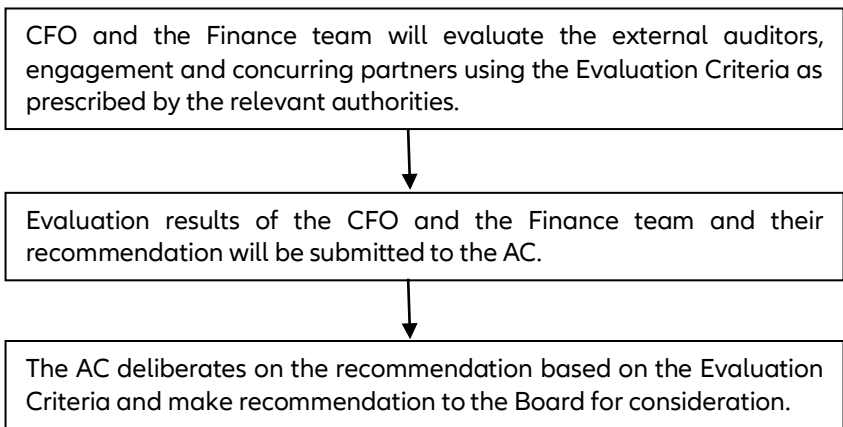


The appointment and re-appointment of the external auditors, engagement partner and concurring partner will be reviewed by the AC and the recommendation from the AC will be tabled for the Board's consideration. The appointment and re-appointment of the external auditors will be presented to the shareholders for approval.

Areas of assessment include, among others, the level of knowledge, capabilities, experience and quality of previous work, level of engagement, ability to perform the audit work within the agreed timeframe, adequacy in audit coverage, effectiveness in planning and conduct of audit, ability to provide constructive observations and independence (collectively referred to as "Evaluation Criteria").

The AC also reviews the non-audit services rendered by the external auditors. The terms of engagement of the external auditors for their audit and non-audit services rendered are reviewed by the AC and approved by the Board.

The process for appointment and re-appointment of the external auditors, engagement partner and concurring partner are as follows:-



Through the AC, the Board has established a formal and appropriate relationship with the external auditors. The AC meets with the external auditors at least two times a year to review the audit plan, the audited financial statements and the audit observations. The AC also holds discussions with the external auditors without the presence of Management at least once annually, to allow external auditors to freely express concerns, problems and reservations, if any, arising from the statutory audits. The external auditors are invited to attend the AGM of the Company to address the concerns of the shareholders in relation to the audited financial statements of the Group.

In February 2020, the AC reviewed the proposed re-appointment of PricewaterhouseCoopers PLT ("PwC PLT"), including its engagement partners and concurring partner. The assessment on the performance of PwC PLT based on the criteria prescribed by the relevant authorities had been performed by the CFO/Head of Finance ("Finance Team") of the respective companies within the Group. The Finance Team of the Group was satisfied with the re-appointment of PwC PLT including the engagement partners and the concurring partner for the respective companies and recommended the re-appointment of PwC PLT as External Auditors for FY 2020 based on the following rationales:-

- (i) PwC PLT is familiar with the local insurance industry and they are also the External Auditors of the Allianz SE Group;
- (ii) PwC PLT was selected after a global tender process by Allianz SE Group and had been assessed to be able to provide effective co-ordination of the audits between companies within the Group as well as between the Group and the Allianz SE Group.; and
- (iii) PwC PLT met the minimum criteria, as prescribed by BNM.
- (iv) PwC PLT completed the Group's 2019 statutory audit satisfactorily.

During FY 2020, PwC PLT confirmed that PwC PLT and its network firms, the engagement partners, engagement quality control reviewer and members of the engagement team in the audit had maintained the independence for the purpose of the audit in accordance with the terms of the relevant professional and regulatory requirements.

The AC deliberated on the evaluation and recommendation of the Finance Team and concurred with the Management's recommendation and justification to re-appoint PwC PLT as the External Auditors for the Group, and recommended the re-appointment of PwC PLT as the External Auditors for the Group for FY 2020 for the respective Boards' approval.

The Board reviewed the assessment of PwC PLT (including of the Engagement Partner and Concurring Partner) based on BNM's PDEA and was satisfied that PwC PLT and the respective partners met all the qualification criteria as prescribed by regulators, resolved that the re-appointment of PwC PLT as the External Auditors of the Company for FY 2020 be recommended for shareholders' approval at the 46th AGM of the Company.

The re-appointment of PwC PLT as External Auditors for FY 2020 was approved by the shareholders of the Company at the 46th AGM of the Company on 30 June 2020.

<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

### Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted								
<b>Explanation on adoption of the practice</b>	:	As at 31 December 2020, the AC comprises solely of INEDs and the composition of the AC is as follows:- <table border="1" data-bbox="528 808 1374 949"><thead><tr><th>Director</th><th>Composition</th></tr></thead><tbody><tr><td>Peter Ho Kok Wai</td><td>Chairman, INED</td></tr><tr><td>Tan Sri Datuk (Dr.) Rafiah Binti Salim</td><td>Member, INED</td></tr><tr><td>Goh Ching Yin</td><td>Member, INED</td></tr></tbody></table>	Director	Composition	Peter Ho Kok Wai	Chairman, INED	Tan Sri Datuk (Dr.) Rafiah Binti Salim	Member, INED	Goh Ching Yin	Member, INED
Director	Composition									
Peter Ho Kok Wai	Chairman, INED									
Tan Sri Datuk (Dr.) Rafiah Binti Salim	Member, INED									
Goh Ching Yin	Member, INED									

## Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

## Practice 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The members of the AC are appointed by the Board, after taking into consideration the recommendations of the NRC. In determining the appropriate composition of the AC, the Board takes into consideration the necessary mix of skills and experience required for the AC to effectively discharge its responsibilities.</p> <p>The Chairman of AC, Peter Ho Kok Wai, is a Fellow of the Institute of Chartered Accountants in England and Wales and a Member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants. He has more than 35 years of auditing experience in a wide range of companies including public listed companies and multinationals, with particular emphasis in manufacturing, distribution and financial services.</p> <p>Collectively, the AC has a wide range of necessary skills to undertake its duties and responsibilities. Ideally, all AC members are able to understand the financial reporting process and be financially literate.</p> <p>The Company complies with paragraph 15.09(1)(c)(i) of the Listing Requirements.</p> <p>The profiles of the members of the AC are set out in the Annual Report 2020.</p> <p>The NRC undertakes an annual assessment on the composition and performance of the Board Committees, including AC. The assessment covers the performance of an individual AC member, to ensure that the AC has the necessary skills to carry out its duties and responsibilities.</p>

	<p>The Board has reviewed the performance evaluation of AC which was facilitated by KPMG. The AC scored 93% out of 100% in the performance evaluation assessment. Further disclosure on the performance evaluation of AC is detailed in the AC Report of 2020 Annual Report.</p> <p>In addition, in view of the important role of the AC in ensuring that there are adequate checks and balances within the operations of the Group, all AC members, either individually or collectively, are also expected to be familiar with areas included in the scope of internal insurance audits, including risk management, underwriting, investment and claims management.</p> <p>The members of the AC continuously keep abreast to the relevant development of accounting and auditing standards and practices. The list of training programmes, seminars and conferences attended by the members of the AC is set out in Practice 1.4 of this CG Report.</p> <p>The roles and responsibilities of the AC are attached to the Board Charter and the activities carried out by the AC for FY 2020 are set out in the AC Report in the 2020 Annual Report.</p>	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

### Practice 9.1

The board should establish an effective risk management and internal control framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is fully committed to ensure that effective risk management and internal control systems are in place within the Group and continuous reviews are undertaken to ensure adequacy and integrity of these systems. While such systems are designed to safeguard shareholders' investments and the Group's assets, they can only mitigate rather than eliminate the risk of failure to achieve the business objectives of the Group. These systems, by their nature, can only provide reasonable but not absolute assurance against material misstatement or loss.</p> <p>The Board has established an on-going process for identifying, evaluating and managing the significant risks encountered by the Group in achieving its business objectives. The process, which is reviewed and updated from time to time to cater for changes in business environment, has been in place throughout FY 2020.</p> <p>The Group has in place a Risk Management Framework Manual ("RMFM") for all companies within the Group. The RMFM outlines the guiding principles of the risk management approach, structure, roles, responsibilities, accountabilities, reporting requirements as well as the risk identification, evaluation and monitoring process of the Group.</p> <p>The RMFM is in compliance with the relevant requirements of the guidelines and/or policies issued by BNM and Allianz SE Group.</p> <p>The overview of the risk management and internal controls framework of the Group is detailed in the SORMIC set out in the 2020 Annual Report.</p>
<b>Explanation for departure</b>	:	

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b>	:		
<b>Timeframe</b>	:		



### Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

### Practice 9.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The RMC drives the risk management framework of the Group and reports quarterly to the Board on its recommendations and/or decisions.</p> <p>The Risk Management Working Committee ("RMWC") is established at the management level and serves as a platform for two way communications between the Management and the RMC on matters relating to risk strategy and management. Through the quarterly reporting from RMWC, the RMC consolidates the status of the risks and presents them to the respective Boards of the Group for consideration.</p> <p>Risk management is considered and managed as part of the daily process of managing and directing the business. These include the implementation of a limit system, various frameworks, manuals and policies.</p> <p>The Group identifies and remediates significant threats to financial results, operational viability or the delivery of key strategic objectives, regardless of whether they relate to quantifiable or non-quantifiable risks using the approved Top Risk Assessment Matrix. The identified top risks are assessed quarterly by the assigned risk owners; and the same is reviewed by the RMWC and the RMC and approved by the Board. Key risk indicators are also put in place to monitor changes in risk exposure or control effectiveness for the top risks on a quarterly basis.</p> <p>The features of the Group's risk management and internal control system are reported in the SORMIC, set out in the Annual Report 2020.</p> <p>Based on the Board's review through the various Board Committees, external auditors' limited assurance review and the assurance and reports from the Management, the Board is of the</p>

	view that the system of internal control and risk management of the Group is sound and sufficient to safeguard shareholders' investments and the Group's assets.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

### Practice 9.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

<b>Application</b>	:	Adopted								
<b>Explanation on adoption of the practice</b>	:	<p>The Group had established a RMC, which comprises exclusively INEDs. The composition of the RMC as at 31 December 2020, were as follows:-</p> <table border="1"><thead><tr><th>Director</th><th>Composition</th></tr></thead><tbody><tr><td>Dr. Muhammed Bin Abdul Khalid</td><td>Chairman, INED of Allianz General</td></tr><tr><td>Peter Ho Kok Wai</td><td>Member, INED</td></tr><tr><td>Goh Ching Yin</td><td>Member, INED</td></tr></tbody></table> <p>The duties and responsibilities of the RMC are detailed in the terms of reference of the RMC which is attached to the Board Charter.</p>	Director	Composition	Dr. Muhammed Bin Abdul Khalid	Chairman, INED of Allianz General	Peter Ho Kok Wai	Member, INED	Goh Ching Yin	Member, INED
Director	Composition									
Dr. Muhammed Bin Abdul Khalid	Chairman, INED of Allianz General									
Peter Ho Kok Wai	Member, INED									
Goh Ching Yin	Member, INED									

### Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

### Practice 10.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The AC oversees the effectiveness of the internal audit function of the Group, among others:-</p> <ul style="list-style-type: none"><li>(i) reviewing and approving the internal audit plan including, amongst other, audit scope, procedures and frequency;</li><li>(ii) ensuring the adequacy of the scope, budget, competency and resources of the internal audit functions and has the necessary authority to carry out its work; and</li><li>(iii) reviewing the appointment, performance evaluation, transfer, succession planning and removal of the Group Head of IAD.</li></ul> <p>The duties and responsibilities of the AC are detailed in the terms of reference of the AC which is attached to the Board Charter.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

## Practice 10.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The internal audit function of the Company is carried out by the IAD, which is independent of business operations. The IAD reports directly to the AC and to the CEO administratively.</p> <p>The primary objective of the IAD is to assist the Management, AC and the Boards of the Group in the effective discharge of their responsibilities. This is performed through the independent assessment and appraisal of the internal controls and the evaluation of the effectiveness of risk management system and CG process of the Group to ensure that organisational and management controls are adequate and effective, in line with the Group's goals. These audits and assessment reviews are performed in line with the BNM's guidelines with regard to Internal Audit function, Professional Practice of Internal Auditing set by the Institute of Internal Auditors ("IIA") and other relevant practices or guidelines from Allianz SE Group Audit. It includes promoting and recommending cost effective controls for safeguarding the Group's assets and minimising the opportunities for error and fraud.</p> <p>During FY 2020, the IAD carried out its duties in accordance with its Audit Charter and the Group's Internal Audit Plan 2020. All internal audit reports which incorporated the Management of the respective companies' responses and action plans were tabled for discussion at AC Meetings.</p> <p>All internal audit personnel had confirmed via annual declaration to the Group Head of IAD that they were free from any relationship or conflict of interest, which could impair their objectivity and independence for internal audit activities carried out for FY 2020. The Group Head of IAD has provided assurance to the AC via the annual declaration of independence for FY 2020 that the internal audit activities carried out during the year has complied with the</p>

independence requirements of the IIA and other relevant practices or guidelines from Allianz SE Group Audit and there was no contravention of any applicable code of professional conduct in relation to the audit activities.

Madam Ng Siew Leng, the Group Head of IAD is responsible for the internal audit function of the Group. She is qualified under the Chartered Institute of Management Accountant. The profile of Madam Ng Siew Leng is set out under the Profile of Senior Management Team in the Annual Report 2020.

There are a total of 16 internal auditors, including the Group Head of IAD as at 31 December 2020. All internal auditors have completed tertiary education in the relevant fields related to the business of the Group and the level of expertise and professionalism within IAD at as at 31 December 2020 were as follows:-

Expertise	Percentage of total internal auditors (%)
Finance	80
IT	19
Business/Economics	65
Marketing	50
General/Others	80
<b>Post Graduate</b>	
MBA and Masters	6

Internal Audit staff are encouraged to take Certified Internal Auditor (“CIA”) and/or Certified Information System Auditor (“CISA”) examinations. Internal Auditors are provided with incentives such as study leave, reimbursement of registration/examination fees, study materials, review course fees and adjustment of remuneration upon passing of examination.

As at 31 December 2020, one out of the total number of Internal Auditors are pursuing CIA/CISA.

Annually, IAD performs Self-Assessment Review which is designed to evaluate its audit activity’s efficiency, effectiveness and identifies opportunities for improvements.

**Explanation for departure** :

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

### Practice 11.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges the need for shareholders and other stakeholders to be informed of all material information affecting the Group and is committed to maintain transparency and accountability to all of its shareholders and stakeholders.</p> <p>In maintaining the commitment to effective communication with shareholders and stakeholders, the Company adopts the practice of comprehensive, accurate and timely disclosures of information to its shareholders as well as to the general investing public in accordance with the requirements of the Listing Requirements, to enable them to make informed investment decisions.</p> <p>The Company conducts a stakeholder prioritisation exercise to identify key internal and external stakeholder groups. For FY 2020, the 2019 Stakeholder Prioritisation Matrix has been maintained. The Stakeholder Prioritisation Matrix and engagement channels are further detailed in the Company's 2020 Sustainability Statement.</p> <p>The Board is mindful that timely and easy accessibility to information are crucial for the shareholders and stakeholders to make informed decisions. The Group has leveraged on information technology to disseminate information where all levels of stakeholders are able to access information more effectively and conveniently. The communication avenues, amongst others, are stated below:-</p> <p>(i) Quarterly Financial Results</p> <p>Information in respect of the Group's financial results, business review, future prospect, corporate exercises and other material information in relation to the development of the Group are disclosed in the quarterly financial results ("Quarterly Report") of the Group.</p>



	<p>Immediately following the release of the Quarterly Report to Bursa Malaysia, a press release in respect thereto will be issued by the Group. The Quarterly Report, press release and analysts briefing presentation are subsequently published on the Company's website.</p> <p>(ii) Audited Financial Statements and Annual Report</p> <p>The Company's audited financial statements is released to Bursa Malaysia within 90 days from the financial year end and made available on the Company's website.</p> <p>The Group's Annual Report provides a comprehensive report on, among others, the Group's audited financial statements, review of the operational and financial performance, business development and strategy, industry outlook and future prospects, corporate responsibility activities and sustainability development, risk management and internal control activities and CG development.</p> <p>(iii) Corporate Announcements</p> <p>Corporate announcements contain material information that may affect the interest of the shareholders and other announcements as may be required by the Listing Requirements will be released to Bursa Malaysia on a timely manner. Such announcements are also disseminated to Senior Management via email and made available on the Company's website immediately after released to Bursa Malaysia at <a href="http://www.allianz.com.my/bursa-announcements">www.allianz.com.my/bursa-announcements</a>.</p> <p>(iv) Investor Relations</p> <p>The Senior Management comprising the CEO, CFO and Chief Operations Officer of the Company holds quarterly briefing for fund managers and research analysts to report on the quarterly performance, business development and progress of the Group. Such briefing is normally conducted on the next working day after the release of the Group's Quarterly Report to Bursa Malaysia.</p> <p>The quarterly briefing also serves as a platform of dialogue between the fund managers and research analysts with the Senior Management of the Group, where the fund managers and research analysts are able to raise questions and seek clarification from the Senior Management on pertinent issues relating to the Group.</p> <p>In order to ensure that shareholders and investing public have equal access of the presentation slides for the briefing,</p>
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the presentation slides are published on the Company's website immediately after the Group released its Quarterly Report to Bursa Malaysia.

In addition, the Senior Management also holds separate meetings with the potential investors and fund managers throughout the year to provide the overview of the operation and business prospects of the Group.

(v) Designated Person to handle Investor Relations

The Group established the Investor Relation function under the Corporate Communications Department. The Investor Relation function manages the relationship between the Group and its investors and controls the flow of information in relation to strategy, finance, communication and marketing of the Group.

Any enquiries with regard to investor relations matters can be referred to the following designated person of investor relations:-

Shamala Gopalan Head of Corporate Communications Tel : 03-2264 1157 Fax : 03-2264 1186 E-mail : <a href="mailto:shamala.gopalan@allianz.com.my">shamala.gopalan@allianz.com.my</a>
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(vi) Press Releases

Press releases on corporate developments and initiatives are also issued by the Group to provide all stakeholders with the up-to-date information in respect of the Group.

Media activities and interviews are also initiated to provide wider publicity and understanding of the Group's business activities and strategies.

(vii) Website ([www.allianz.com.my](http://www.allianz.com.my))

The Company's website provides the avenue for all stakeholders to access information in relation to the Group, covering the areas of business products, services, corporate responsibility initiatives, investment fund resources, announcements released to Bursa Malaysia, press releases, financial statements of the Company and its insurance subsidiaries, presentations made during the analyst briefings and AGM as well as minutes of AGM.

In addition, a 'contact us' section is also provided on the website to enable visitors to make enquiries online. A live chat function is also available on the website to provide assistance and support to the customers.

During the various Movement Control Order phases, the Company has through its website, provided the latest information on the Group, including changes on branch operating hours and branch closure/re-opening.

As part of the Group's effort in creating communication opportunity with customers and the public, Allianz We Care Community initiative was launched in June 2020 as an avenue to support the community and position itself as a beacon of reassurance during the pandemic by providing care and support for fellow Malaysians in their time of need. The customer and public who are Malaysians and permanent residents aged 18 years and above are encouraged to join as members to receive the complimentary COVID-19 coverage as well as wellness and lifestyle benefits. This is the first step of a long-term mission to form a healthcare ecosystem that provides end-to-end advice and solutions needed by Malaysians throughout their medical journey.

The Company continues to review and make improvements to its website to ensure that information is relevant, updated and easily accessible.

(viii) Social Media Platforms

The Group's social media platforms are other avenues for the Group to engage with all stakeholders in an interactive way. Through these platforms, latest information and updates on the Group are made available to all stakeholders. These avenues also allow customers or the general public to post their opinions, reviews, comments, suggestions and feedback to the Group. The following social media platforms are available for stakeholders:-

- (a) [facebook.com/AllianzMalaysia](https://www.facebook.com/AllianzMalaysia)
- (b) [linkedin.com/company/allianz-malaysia-berhad](https://www.linkedin.com/company/allianz-malaysia-berhad)
- (c) [instagram.com/allianzmalaysia](https://www.instagram.com/allianzmalaysia)
- (d) [youtube.com/allianzmalaysia](https://www.youtube.com/allianzmalaysia)

Despite having various communication avenues, the Chairman also encourages feedback from all stakeholders and this can be done via e-mail at [rafiah.salim@allianz.com.my](mailto:rafiah.salim@allianz.com.my).

<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

## Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

## Practice 11.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	Given that the preparation of integrated reporting ("IR") requires integrated thinking of the relationship between the various functions within the Group, a strategic plan should be in place to steer the Company towards a long-term IR journey. The Company takes an incremental approach in progressively moving towards IR adoption from its existing reporting structure.
		The Company upholds the core values of integrity in all aspects of business and open communication in promoting transparent communication to stakeholders. By providing sustainable returns to shareholders and contributing to uplifting local communities, the Company shall continuously create value to its stakeholders.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	<p>Following the Board's approval for the engagement of KPMG in 2019, an IR framework gap analysis has been completed based on International IR Council's International IR Framework. The gap analysis enhances the understanding of the Company's integrated thinking, considering both financial and non-financial or sustainability information into the Company's strategy, management and business operations.</p> <p>In October 2020, an IR framework assessment workshop was conducted where KPMG presented the key findings on the current state of sustainability considerations and the proposed IR roadmap to the Management. A milestone plan will be set up to formalise the IR.</p>
<b>Timeframe</b>	:	Within 3 years

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 12.1**

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Notice of 46th AGM of the Company was issued to the shareholders on 1 June 2020 with 28 clear days.</p> <p>The notice of AGM is also advertised in the local English newspaper, namely New Straits Times for the benefit of shareholders and was accompanied by explanatory notes on special business requiring shareholders' approval. The notice of AGM will also be made available on the Company's website at <a href="http://www.allianz.com.my">www.allianz.com.my</a> for easy access and the said notice will be accompanied by explanatory notes for each agenda item which requires shareholders' approval.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

## Practice 12.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

<b>Application</b>	: Applied																
<b>Explanation on application of the practice</b>	<p>All members of the Board and Board Committees, Senior Management comprising the CEO and CFO/Head of Finance of the Group, Heads from various Departments and the External Auditors, are invited to the AGM to engage directly with the shareholders and to address concerns that may be raised by the shareholders.</p> <p>During the 46th AGM, the following Directors attended the meeting at the broadcast venue or via Remote Participation and Voting facilities ("RPV"):-</p> <table border="1"><thead><tr><th>Director</th><th>Designation</th></tr></thead><tbody><tr><td>1. Tan Sri Datuk (Dr.) Rafiah Binti Salim</td><td>Chairman of AMB and Allianz General</td></tr><tr><td>2. Dato' Dr. Thillainathan A/L Ramasamy</td><td>INED and Chairman of the AC</td></tr><tr><td>3. Tunku Zain Al-'Abidin Ibni Tuanku Muhriz</td><td>INED and Chairman of the NRC</td></tr><tr><td>4. Peter Ho Kok Wai</td><td>INED</td></tr><tr><td>5. Solmaz Altin (via RPV)</td><td>NINED</td></tr><tr><td>6. Goh Ching Yin</td><td>Chairman of Allianz Life</td></tr><tr><td>7. Datuk Gnanachandran A/L S Ayadurai</td><td>INED and Chairman of the RMC</td></tr></tbody></table> <p>Suggestions received from the shareholders during the AGM, where applicable, will be evaluated and considered for implementation by the Board.</p> <p>Shareholders are encouraged to raise questions or seek clarification pertaining to the operations, financial and business related issues and any other related matters to the agenda of the AGM.</p> <p>The questions received from the shareholders and proxies (collectively referred to as "Participants") during the AGM were responded by the Chairman, CEOs and Company Secretary at the questions and answers session.</p>	Director	Designation	1. Tan Sri Datuk (Dr.) Rafiah Binti Salim	Chairman of AMB and Allianz General	2. Dato' Dr. Thillainathan A/L Ramasamy	INED and Chairman of the AC	3. Tunku Zain Al-'Abidin Ibni Tuanku Muhriz	INED and Chairman of the NRC	4. Peter Ho Kok Wai	INED	5. Solmaz Altin (via RPV)	NINED	6. Goh Ching Yin	Chairman of Allianz Life	7. Datuk Gnanachandran A/L S Ayadurai	INED and Chairman of the RMC
Director	Designation																
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7. Datuk Gnanachandran A/L S Ayadurai	INED and Chairman of the RMC																

<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		



### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The 46th AGM of the Company was conducted fully virtual from the broadcast venue, Aloft Kuala Lumpur Sentral on 30 June 2020 via RPV, which was available at Tricor Investor &amp; Issuing House Services Sdn Bhd ("Tricor")'s TIIH Online website at <a href="https://tiih.online">https://tiih.online</a>.</p> <p>In consideration of the COVID-19 pandemic, the broadcast venue was strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Guidance and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 18 April 2020 (including any amendment that may be made from time to time) which require the Chairman of the meeting to be present at the main venue of the Meeting.</p> <p>Administrative details for the 46th AGM ("Guide") aims to facilitate shareholders' preparation for participation at the meeting. It sets out information with regard to the AGM, among others, mode of meeting, entitlement of participation procedure for RPV, submission of questions and poll voting. The shareholders were informed via a notification letter in regard to the issuance of the Notice of 46th AGM, proxy form, circular to shareholders and the Guide. The letter was sent to the shareholders via email and postage on 1 June 2020. The shareholders could obtain a copy of the said documents from the Investor Updates section of the Company's website and enclosed in the "General Meetings" and "Circular/Notice to Shareholders" announcements released to Bursa Malaysia on 29 May 2020 and 1 June 2020 respectively.</p> <p>The Participants who were entitled to participate at the 46th AGM, were required to sign up as a user at TIIH Online website prior to participating the live streaming of 46th AGM. The TIIH Online was open for registration since the date of Notice of 46th AGM on 1 June 2020 at 11:00 a.m.</p>

	<p>In this regard, the Participants were not allowed to attend the 46th AGM in person at the broadcast venue on the day of the Meeting. Nevertheless, the Participants were given opportunities to raise questions to the Company prior to the day of 46th AGM via submission of questions to TIH Online website, or email to the Investor Relation Department of the Company. Alternatively, the Participants could take the opportunity to submit their questions (real time) through RPV during the 46th AGM.</p> <p>The questions raised during the 46th AGM were answered by the Board and the Management. For those questions which had not been answered due to constrain of time, the Company had responded to those questions via emails within 14 days from the date of 46th AGM.</p> <p>During the 46th AGM, the Participants were informed about the procedures of online voting through a video played before the meeting was called to order. The Participants were also provided with several contactable platforms through telephone or emails for any enquiries in relation to the 46th AGM, as well as the contact numbers during the 46th AGM.</p> <p>The Company had appointed Tricor, as the poll administrator of 46th AGM. The 46th AGM poll results were validated by Mega Corporate Services Sdn Bhd, the independent scrutineer appointed by the Company. Upon the completion of poll results validation, the Chairman declared that all resolutions were carried. The 46th AGM was the first AGM of the Company that was conducted fully virtual. A post mortem plan was established to address areas for improvement, moving forward.</p>	
<b>Explanation for departure</b>		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>		
<b>Timeframe</b>		

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES  
PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA  
MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

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