

CORPORATE GOVERNANCE REPORT

STOCK CODE : 1163
COMPANY NAME : ALLIANZ MALAYSIA BERHAD
FINANCIAL YEAR : December 31, 2019

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.

Application	:	Applied
Explanation on application of the practice	:	<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>(i) Reviewing and approving strategic plan</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 2020 to 2022 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 2019. 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 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 2019.

(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 considerations in business strategies

The sustainability strategy at the Group is overseen by the Board, supported by the RMC and Sustainability Working Group ("SWG"). The RMC and SWG are chaired by an Independent Non-Executive Director ("INED") and the Head of Allianz4Good respectively, with support from members of Senior Management from both the Group and other designated officers. This structure of sustainability governance ensures that sustainability initiatives are effectively integrated, implemented and monitored across the organisation.

The sustainability strategy is shaped through continuous assessments by the Board through the RMC, based upon prevalent sustainability concerns and the Group's overall business strategy.

The Group's sustainability initiatives for 2019 are elaborated further in the Sustainability Report of the Annual Report 2019.

(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 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.

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.

Please refer to the Board Charter for detailed responsibilities of the Board on the Company's website at www.allianz.com.my/corporate-profile (under the CG section).

	The responsibilities of the Board as stipulated in the Board Charter are also applicable to the subsidiaries of the Company.	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

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.

Application	: Applied
Explanation on application of the practice	<p>The Chairman has a crucial leadership role to ensure that the Board works effectively.</p> <p>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 has actively and constructively participate 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. As a Chairman of the Company, Tan Sri Rafiah has:-</p> <ul style="list-style-type: none">(a) leads discussions and promotes construction deliberations on matters tabled at the Board Meetings;(b) encourages active participation and allowing dissenting views to be freely expressed;(c) ensures that decisions are taken on a sound basis, by ensuring that all strategic and critical issues are considered by the Board and the interest of stakeholders are protected;(d) engages proactively with the Management and the relevant Departments to ensure that relevant concerns and issues in relation to areas of risk management, human resource, legal and compliance are properly addressed; and(e) takes an active role in addressing Board performance evaluation and development needs. In addition, she also took effort to improve good corporate governance practices in the Company and representing the Company at various engaging meetings with the stakeholders of the Company including regulators and government official. <p>Tan Sri Rafiah is also 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>

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

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The positions of Chairman of the Board and the CEO are held by two diferent individuals.</p> <p>The Chairman of the Company is Tan Sri Rafiah and the CEO of the Company is Zakri Bin Mohd Khir.</p> <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 respective roles and responsibilities of the Chairman and CEO are detailed in the Board Charter which is available on the Company's website at www.allianz.com.my/corporate-profile (under the CG section).</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

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.

Application	: Applied
Explanation on application of the practice	<p>The Company Secretary is qualified to act as company secretary under Section 235 of the Companies Act 2016 ("CA"). The Company Secretary 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 2019.</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">(a) their roles and responsibilities;(b) the nature of the Group's business and its corporate strategy;(c) overview of risks on the Group's business and the risk management strategy;(d) legal requirements and compliance controls; and(e) overview of financial health of the Group. <p>The Company Secretary had organised in-house orientation programme for the newly appointed Directors namely Peter Ho Kok Wai and Claudia Salem.</p> <p>The Company Secretary also assist 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</p>

attended external programmes.

During FY 2019, NRC reviewed the training needs of the Directors and identified relevant training programmes for the Directors.

The training programmes, seminars and conferences attended during the FY 2019 by the Directors as at the date of this CG Report, were as follows:-

Tan Sri Datuk (Dr.) Rafiah Binti Salim

- Reading the Signs : The Next Financial Crisis and Potential Impact on Asia
- Corporate Governance Watch : How Does Malaysia Rank
- IT Risk Management Training
- Actuarial Training – Risk Based Capital and Ordinary Life Insurance in Malaysia
- Board Perspective on Cyber Resilience by PricewaterhouseCoopers PLT (“PwC PLT”)
- Business Continuity and Crisis Management Training by Business Continuity Management Institute
- Bursa Malaysia Thought Leadership Series : Sustainability-Inspired Innovations : Enablers of the 21st Century
- Institute of Corporate Directors Malaysia (“ICDM”) International Directors Summit 2019
- Integrated Reporting Awareness Training by KPMG Management & Risk Consulting Sdn Bhd

Dato’ Dr. Thillainathan A/L Ramasamy

- Inequality, Imbalances & Instability : The New Normal by Prof Pushan Dutt of INSEAD
- Bank Negara Malaysia (“BNM”) - Financial Institutions Directors' Education (“FIDE”) FORUM Dialogue with the Deputy Governor on the draft Risk Management in Technology Policy
- Directors Briefing on Developments in financial reporting
- Malaysian Economic Association (“MEA”) Economic Convention Sessions on Talent Development and Digital Transformation in Industry 4.0

- Kuala Lumpur Roundtable on Long Term Vision and Short-Term Priorities for the Malaysian Economy
- Actuarial Training – Risk Based Capital and Ordinary Life Insurance in Malaysia
- Transfer Pricing Briefing by Ernst & Young
- Board Perspective on Cyber Resilience by PwC PLT
- Business Continuity and Crisis Management Training by Business Continuity Management Institute
- Islamic Capital Market Finance : Financial Inclusion and Socially Responsible Investment by Dr. Azman Hasan
- Briefing/dialogue on Risk Management, Internal controls and Investment Opportunities in Life Sciences
- Audit Oversight Board Conversation with Audit Committees
- Redesign Customer Service for Superior Customer Experience by Riccardo Pasto of Forrester
- Tax Seminar The 2020 Budget by Deloitte Tax Services Sdn Bhd
- Sojourners to Settlers Tamils in South East Asia and Singapore International Conference & Publication

Tunku Zain Al-'Abidin Ibni Tuanku Muhriz

- The Rare Diseases Symposium : Towards a National Policy
- Democratisation, Governance and Reform in Complex Political Environments (as speaker)
- National Institute of Public Administration Executive Lecture Series 2019 : Institutional Reforms: Create or Nurture (as speaker)
- The Launch of the papers titled : 'Reviving the Spirit of Federalism: Decentralisation Policy Options for a New Malaysia' by Tricia Yeoh
- MEA Convention - "Malaysia in Reform : Building Capacity, Digitalisation and Governance" (as speaker)
- Executive Talk : "Be Changed or Be Undone" (as speaker)

- Federalism in Malaysia : Redefining The Federal State Relationship in Malaysia “The Negeri Sembilan Experience” (as speaker)
- The Kuala Lumpur Roundtable
- Transfer Pricing Briefing by Ernst & Young
- Youth Commitment Towards Sustainability (as speaker)
- Board Perspective on Cyber Resilience by PwC PLT
- Business Continuity and Crisis Management Training by Business Continuity Management Institute
- The Singapore Summit Singapore Young Societal Leaders Programme
- Emerging Risks, the Future Board and Return on Compliance
- IDEAS 4th Annual Liberalism Conference
- Integrated Reporting Awareness Training by KPMG Management & Risk Consulting Sdn Bhd
- Workshops of the World Communicate 2019 (as speaker)

Peter Ho Kok Wai

- Special Dialogue with Lembaga Hasil Dalam Negeri : Update on Special Voluntary Disclosure Program A Pathway To Tax Compliance
- FIDE Programme – Module A (Insurance)
- FIDE Programme – Module B (Insurance)
- Actuarial Training – Risk Based Capital and Ordinary Life Insurance in Malaysia
- Transfer Pricing Briefing by Ernst & Young
- Board Perspective on Cyber Resilience by PwC PLT
- Business Continuity and Crisis Management Training by Business Continuity Management Institute
- BNM-FIDE Forum Dialogue on Innovation and Fintech in the Financial Services Industry

	<ul style="list-style-type: none"> • Session on Corporate Governance and Anti-Corruption • Integrated Reporting Awareness Training by KPMG Management & Risk Consulting Sdn Bhd <p>Solmaz Altin</p> <ul style="list-style-type: none"> • 2019 Operation IT Asia Summit • Allianz International Conference 2019 • Technology and Innovation Conference • Asia Regional CEO Conference • Regional Partnership Conference 2019 • Allianz International Asia Conference 2019 • Integrated Reporting Awareness Training by KPMG Management & Risk Consulting Sdn Bhd <p>Claudia Salem</p> <ul style="list-style-type: none"> • Mandatory Accreditation Programme by Bursa Malaysia • In-House Orientation Programme • 16th Singapore International Reinsurance Conference : “Reshuffling the Industry – How Insurers, Brokers and Reinsurers see each others’ Future Roles” (as speaker) • Integrated Reporting Awareness Training by KPMG Management & Risk Consulting Sdn Bhd <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 at www.allianz.com.my/corporate-profile (under the CG section).</p>
<p>Explanation for departure :</p>	

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

Measure	:		
Timeframe	:		

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.

Application	:	Applied
Explanation on application of the practice	:	<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 each year are scheduled in advance prior to the end of the year and circulated to Directors and Senior Management before the beginning of each year 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 employee 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 accord sufficient time for the respective departments to prepare and submit their proposal papers.</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 of the previous meeting are sent electronically to the Directors 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.</p> <p>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</p>

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.

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 server designated specifically for the Directors, where the Directors are able to access to the e-meeting papers at any time.

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

The Company has also implemented conference call and video conferencing facilities to enable Directors who are unable to attend meeting in person, to also participate in Board/Board Committee Meetings.

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 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 relevant Senior Management within one day after the conclusion of the Board Meetings.

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.

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

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has put in place 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 and 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> <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</p>

shareholders value and to meet the Company's obligations to all parties with which the Company interacts. The responsibilities of the Board are explained in Practice 1.1 in this CG Report.

Senior Management Committee comprising Senior Management set up at 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 AMB and its insurance subsidiaries are centralised at AMB Board level. The respective Chairmen of the Board Committees will report to the Board 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 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 2019, 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 Risk Management, Compliance, Human Resources functions and with both the external and internal 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 Management and stakeholders, particularly shareholders. 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 contributing 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. Save for Dato' Dr. Thillainathan A/L Ramasamy who has an indirect interest of 6,400 ordinary shares of AMB held by his spouse, the INEDs do not have any equity interest in the Company or its related corporation. The INEDs also do not have any relationship with the substantial shareholders of the Company.

Further details of the roles and responsibilities of the INED and NINED are disclosed in the Board Charter, which is available on the Company's website at www.allianz.com.my/corporate-profile (under the CG section).

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 CEO and Senior Management, remuneration for Directors, CEO and

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

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.

Application	:	Applied
Explanation on application of the practice	:	<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 has also adopted Allianz SE Group's Code of Conduct for Business Ethics and Compliance ("Allianz SE Code of Conduct"). The Allianz SE Code of Conduct sets the minimum standards for the conduct of all employees, managers and Executive Directors, which covers the areas among others, fair and regulatory conduct of business, non-discrimination, protection of client data/information, insider trading, potential conflicts of interest, complaints management, financial reporting, no corruption or bribery, acceptance and granting of gifts and other benefits, prevention of money laundering and financing of terrorism and ethical conduct of business and whistleblowing. 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") of the Group. 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 annual basis or when involving himself and his family as soon as such conflicting situation arises.

In addition, the Group has also put in place a COI process with any party vendor is engaged via Vendor Integrity Screening process Conflict of interest declaration will be evaluated and based on the assessment, Compliance Department makes recommendation whether to proceed with 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 undertake 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 the shares, debentures, participatory interest, rights, options and contracts as are necessary for the purposes of compliance with Section 59 of the CA, by the Directors, the notice period shall be five days. The aforementioned disclosure will be circulated to the Board members within seven days upon received 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 the Allianz SE Group's Anti-Corruption Policy which serves to 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.

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 Allianz SE Code of Conduct and the Allianz SE 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 Allianz 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 for Sales Division provides the procedures for employees 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 Allianz SE 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 Company's Integrity Committee. The InC coordinates all activities concerning prevention and detection of fraud and handling of whistleblowing incidents. The Integrity Committee reports its findings and recommendations to the AC.

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 2019, 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")

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

Abuse of Power

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 fulfill the criteria of "a fit and proper person" for their appointment as Directors as prescribed under the Financial 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>During the FY 2019, the Allianz SE Group’s Fit and Proper Policy version 5.0 was submitted to NRC for consideration and NRC noted that there was no gap identified that required adaptation in the Group Fit and Proper Policy, nevertheless, the Group Fit and Proper Policy will be periodically reviewed to ensure that it is in line with the internal and regulatory requirements. NRC recommended the Allianz SE Group’s Fit and Proper Policy version 5.0 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 fulfill 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, CEO 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 2019, NRC had 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. NRC was satisfied with the results of the fit and proper assessment of the Directors and Senior Management of the Group and submitted the assessment results to the respective Boards of the Group for review.</p>	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

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.

Application	:	Applied
Explanation on application of the practice	:	<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 adopted the Allianz SE Group's Whistleblowing Policies and Procedures ("Whistleblowing Policy") to address 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 also has established a whistleblowing mechanism to enable anonymous and non-anonymous reporting of any breach of the Allianz SE Code of Conduct, any laws, regulations, orders or internal rules. All whistleblowing incidents in the Group are assessed confidentially by the Integrity Committee 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">(i) Employee's direct line manager(ii) Senior Management members of the Group(iii) Internal Audit Department ("IAD")(iv) Human Resources Division(v) Legal Department(vi) Compliance Department(vii) AC Members(viii) The Group's Compliance Officer, Allianz SE Group Legal and Compliance and Allianz SE Singapore Branch Compliance(ix) The respective whistleblowing intranet portal of the Group, Allianz SE Group Compliance and Allianz SE Singapore Branch Compliance <p>For business partners, they may report whistleblowing matters to the Compliance Officer at compliance.officer@allianz.com.my.</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 on the Company's website at www.allianz.com.my/corporate-profile (under the Corporate Governance section).</p>	
Explanation for departure :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure :		
Timeframe :		

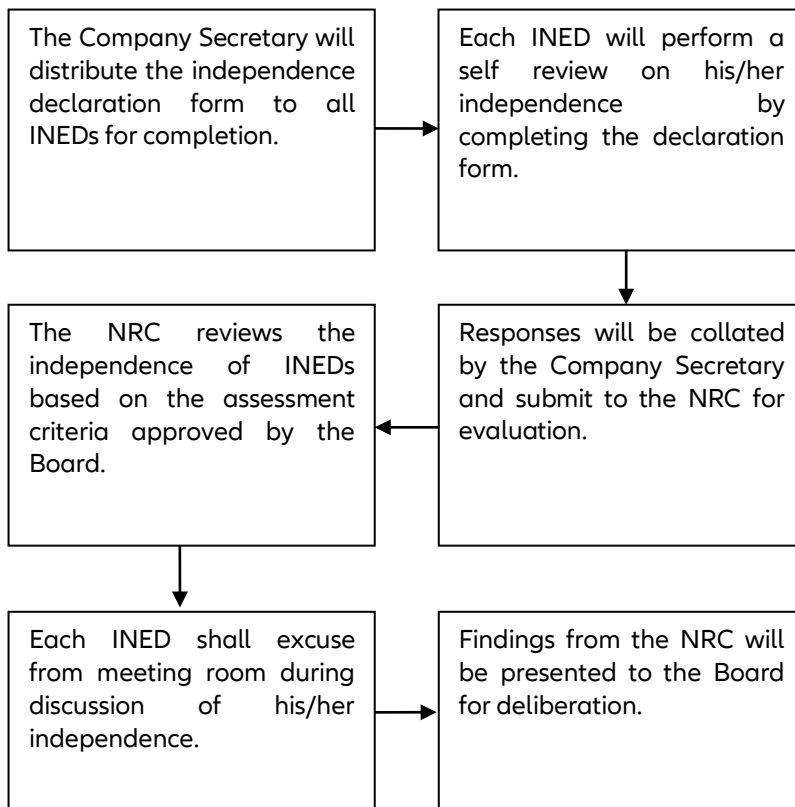
Intended Outcome

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.

Application	: Applied										
Explanation on application of the practice	<p>Pursuant to the criteria as prescribed under the Code, the Company was considered as a Large Company in the commencement of the FY 2018.</p> <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 as at the date of this CG Report is as follows:-</p> <table border="1"><thead><tr><th>INEDs</th><th>NINEDs</th></tr></thead><tbody><tr><td>(i) Tan Sri Datuk (Dr.) Rafiah Binti Salim</td><td>(i) Solmaz Altin</td></tr><tr><td>(ii) Dato' Dr. Thillainathan A/L Ramasamy</td><td>(ii) Claudia Salem</td></tr><tr><td>(iii) Tunku Zain Al-'Abidin Ibni Tuanku Muhriz</td><td></td></tr><tr><td>(iv) Peter Ho Kok Wai</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>	INEDs	NINEDs	(i) Tan Sri Datuk (Dr.) Rafiah Binti Salim	(i) Solmaz Altin	(ii) Dato' Dr. Thillainathan A/L Ramasamy	(ii) Claudia Salem	(iii) Tunku Zain Al-'Abidin Ibni Tuanku Muhriz		(iv) Peter Ho Kok Wai	
INEDs	NINEDs										
(i) Tan Sri Datuk (Dr.) Rafiah Binti Salim	(i) Solmaz Altin										
(ii) Dato' Dr. Thillainathan A/L Ramasamy	(ii) Claudia Salem										
(iii) Tunku Zain Al-'Abidin Ibni Tuanku Muhriz											
(iv) Peter Ho Kok Wai											



The annual independence assessment on INEDs for year 2019 was performed by the NRC in February 2019. When assessing independence, the NRC focused beyond the INEDs' background, economic and family relationships and also considered whether the INEDs could continue bringing the independent and objective judgment to the Board.

NRC was satisfied that all INEDs of the Company and the insurance subsidiaries 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. NRC was of the view that all INEDs of the Company and the insurance subsidiaries 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 NRC that all INEDs of the Company remain independence and shall maintain their Independent Director status in the Company.

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

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.

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

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.

Application	:	Adopted										
Explanation on adoption of the practice	:	<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 2019, none of the INEDs of the Company has served for a cumulative term of nine years. The tenure of the Independent Directors as at the date of this CG Report were 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>7 years 4 months</td></tr><tr><td>Dato' Dr. Thillainathan A/L Ramasamy</td><td>8 years 9 months</td></tr><tr><td>Tunku Zain Al-'Abidin Ibni Tuanku Muhriz</td><td>5 years 4 months</td></tr><tr><td>Peter Ho Kok Wai</td><td>5 months</td></tr></tbody></table> <p>Dato' Dr. Thillainathan A/L Ramasamy will reach his 9-year tenure as an Independent Director on 23 June 2020. He has expressed his intention to retire at the conclusion of the 46th Annual General Meeting ("AGM").</p> <p>The abovementioned policy is included in the Board Charter, which is published on the Company's website at www.allianz.com.my/corporate-profile (under the Corporate Governance section).</p>	INED	No. of years of tenure	Tan Sri Datuk (Dr.) Rafiah Binti Salim	7 years 4 months	Dato' Dr. Thillainathan A/L Ramasamy	8 years 9 months	Tunku Zain Al-'Abidin Ibni Tuanku Muhriz	5 years 4 months	Peter Ho Kok Wai	5 months
INED	No. of years of tenure											
Tan Sri Datuk (Dr.) Rafiah Binti Salim	7 years 4 months											
Dato' Dr. Thillainathan A/L Ramasamy	8 years 9 months											
Tunku Zain Al-'Abidin Ibni Tuanku Muhriz	5 years 4 months											
Peter Ho Kok Wai	5 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.

Application	: Applied
Explanation on application of the practice	<p>The respective Boards recognise the importance of having a diverse Board in terms of experience, skills, competence, ethnicity, gender, culture and age. The size and composition of the respective Boards 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, the CA and the Listing Requirements 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">(i) skill, knowledge, competencies, expertise and experience;(ii) professionalism;(iii) integrity;(iv) commitment, contribution and performance; and(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. <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>During the FY under review, the Board had accepted the recommendation from the NRC and approved the appointment of a female NINED and her appointment took effect on 30 June 2019.</p> <p>As at 31 December 2019, there were three female Directors on the Board, made up of 43% of the Board. Nevertheless, following the resignation of a female Director in March 2020, the number of female Directors was reduced to two, a 33% of the Board.</p>

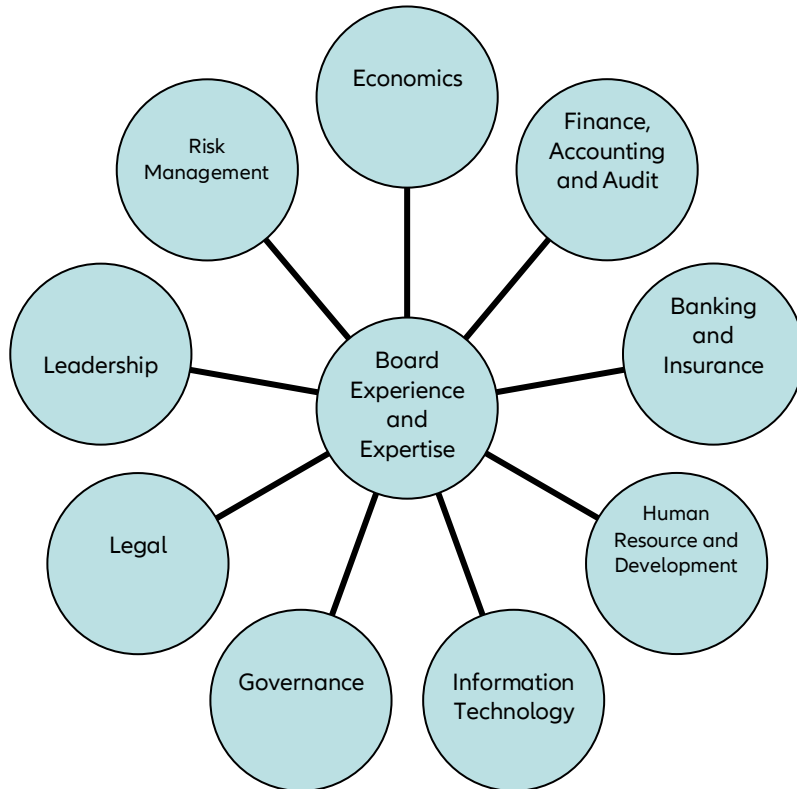
The Board information for the FY 2019 is presented below:-

Board Composition	No. of Directors	%
Independent	5	71%
Non-Independent	2	29%
Total	7	100%

Gender	No. of Directors	%
Male	4	57%
Female	3	43%
Total	7	100%

Age Group of Directors	No. of Directors	%
30 – 40	1	14%
41 – 50	2	29%
51 – 60	1	14%
61 – 70	1	14%
71 and above	2	29%
Total	7	100%

Length of service	No. of Directors	%
Less than 1 year	2	28.5%
1 year – 4 years	2	28.5%
5 years – 9 years	3	43%
Total	7	100%



The Board recognises a capable and skilled workforce is an important driver of the business strategy. The Group embraces inclusion and diversity which builds a culture that respects and values difference and emphasises equal opportunity for all. The Group has entrenched principles of non-discrimination throughout its hiring and employee development policies, where individuals are recognised based on their talent, experience and behavioural attributes.

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 member of the 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 each and every new candidate for Senior Management.

During the FY 2019, 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 2019 is presented below:-

Gender	No. of Senior Management	%
Male	12	52%
Female	11	48%
Total	32	100%

Age Group	No. of Senior Management	%
30 – 40	4	17%
41 – 50	7	30%
51 – 60	12	52%
Total	23	100%

The employee profile of the Group as at 31 December 2019 is presented below:-

Age Structure of Employees by Age	%
25 or under	4.46
25 – 34	37.68
35 – 44	33.63
45 – 54	18.28
55 and above	5.95
Total	100%

Gender Distribution	%
Management positions	
Male	39.20
Female	60.80
Total	100%
All employees	
Male	32.94
Female	67.06
Total	100%

The profiles of the Directors and Senior Management are set out in the Annual Report 2019.

rExplanation for departure :

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

Measure	:		
Timeframe	:		

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.

Application	: Applied
Explanation on application of the practice:	<p>The Board recognises the importance of having a diverse Board in terms of experience, skills, competence, ethnicity, gender, culture and age. A diverse Board facilitates optimal decision making by harnessing different insights, perspectives, experience and exposure.</p> <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>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> <p>During FY 2019, the NRC reviewed the 3-years succession planning for the Board of the Company and its insurance subsidiaries, 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.</p>
Explanation for departure	

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

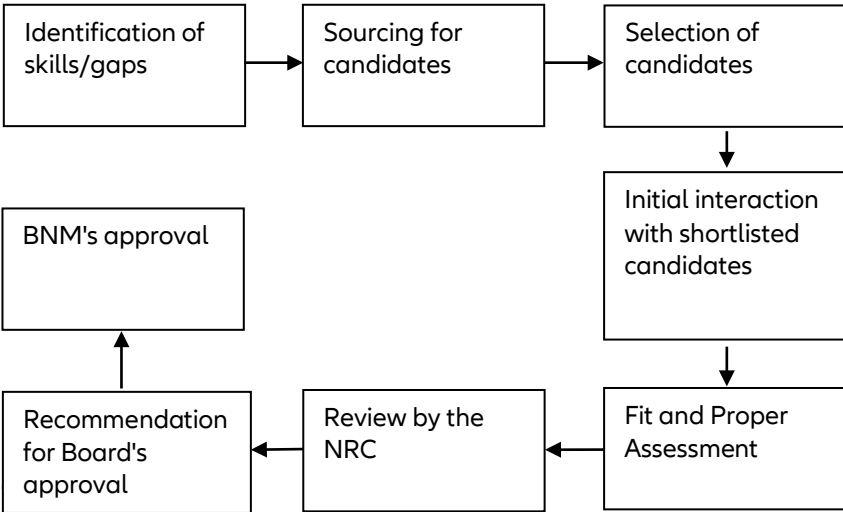
Measure	:		
Timeframe	:		

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.

Application	: Applied
Explanation on application of the practice	<p>The Board has put in place the following process and procedures for nomination of new candidates:-</p>  <pre> graph TD A[Identification of skills/gaps] --> B[Sourcing for candidates] B --> C[Selection of candidates] C --> D[Initial interaction with shortlisted candidates] D --> E[Fit and Proper Assessment] E --> F[Review by the NRC] F --> G[Recommendation for Board's approval] G --> 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> <p>All appointments of Board members are subject to the evaluation by the NRC and approved by the Board. For the insurance</p>

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

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.

Application	:	Applied								
Explanation on application of the practice	:	<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 Code. The composition of NRC as at 31 December 2019, was as follows:-</p> <table border="1" data-bbox="544 869 1396 1019"> <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>Dato' Dr. Thillainathan A/L Ramasamy</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	Dato' Dr. Thillainathan A/L Ramasamy	Member
Director	Composition									
Tunku Zain Al-'Abidin Ibni Tuanku Muhriz	Chairman									
Tan Sri Datuk (Dr.) Rafiah Binti Salim	Member									
Dato' Dr. Thillainathan A/L Ramasamy	Member									
Explanation for departure	:									
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>										
Measure	:									
Timeframe	:									

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.

Application	:	Applied
Explanation on application of the practice	:	<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">• Roles and responsibilities• Conformance and compliance• Stakeholder relationships• Performance management <p>The Annual Performance Evaluation on individual Directors covers the following areas, among others:-</p> <ul style="list-style-type: none">• Directors' compliance with prescriptive requirements imposed by regulators• Participation in Board and Board Committees• Contribution to interaction• Quality of input• Understanding of role <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">• Composition• Quality of inputs• Level of experience• Contribution and performance

- Timely reporting

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

The evaluation forms will be circulated to the Directors and the NRC members for completion.



The responses will be collated by the Company Secretary and the summary of the evaluation results on the Board, individual Director and the Board Committees and their members will be submitted to the NRC for review.



Thereafter, the findings and recommendation of the NRC together with the summary of the evaluation results will be submitted to the Board for deliberation.

The NRC reviewed the assessment results of individual Directors and the respective Boards of the Group for year 2019. The individual assessment on Directors of the Group were rated as "Good" and the respective Boards of the Group assessment were rated as "Excellent".

The NRC carried out performance assessments on the Board Committees and their members and was satisfied with the performance of the Board Committees and that their respective members have discharged their duties and responsibilities satisfactorily in accordance with the respective Board Committees' terms of reference. The findings of the NRC were submitted to the Board for deliberation.

During the FY 2019, the NRC also carried out performance assessment on the Directors who were subject to retirement by rotation ("retiring Directors") of the Company and its insurance subsidiaries at the respective annual general meetings held in 2019. NRC reviewed the assessment results and was satisfied with the performance of the retiring Directors and recommended their re-election for the respective Boards' consideration.

In addition to the Annual Performance Evaluation by peers and the NRC, and the Independence Assessment, independent external consultants will be engaged once in every three years to conduct board evaluations. The Group had in 2017 engaged ICDM to perform effectiveness evaluation for Board, Board Committees and individual Directors for the Company and its subsidiaries. The next assessment on Directors' performance and remuneration by the independent external consultants will be conducted in 2020.

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

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.

Application	: Applied
Explanation on application of the practice	<p>The Board adopted 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">(i) overall performance of the Group (only applicable to Executive Directors);(ii) level of responsibility;(iii) expertise;(iv) complexity of the Company's activities; and(v) attendance at meetings (only applicable to Non-Executive Directors). <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">(i) Annual fixed fees ("Directors' Fees"); and(ii) Meeting allowance. <p><u>Directors' Fees</u></p> <p>Directors' Fees are made up of the following components:-</p>

(i) Fees for acting as a Director

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.

(ii) 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.

Meeting Allowance

For 2019, the meeting allowance of RM2,645 was paid for each Board/Board Committee Meeting attended by the Directors.

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 45th 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.

The Executive Directors received remuneration based on their respective executive positions held in the 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.

NRC had in 2019 reviewed the 2018 variable compensation, 2019 compensation and the revised compensation structure for the CEOs of the Company and insurance subsidiaries and recommended the same to the respective Boards of the Group for approval.

In November 2019, the NRC reviewed the Remuneration Policy and Practices of the Group for Key Responsible Persons ("Remuneration Policy") and recommended the same to the Board for approval. The Board approved the Remuneration Policy at its meeting held in November 2019. The Remuneration Policy 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. 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 comprises of 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 of base salary 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 components typically consist of annual bonus (short term incentive) and mid-/long-term incentives either granted in cash, equity or other instruments.

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.

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>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 Remuneration Policy is available on the Company’s website at www.allianz.com.my/corporate-profile (under the Corporate Governance section).</p> <p>In 2019, NRC had reviewed the 2018 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. NRC further reviewed the 2019 target letters of the Senior Management of the Group and recommended the same to the respective Boards of the Group for approval.</p> <p>In November 2019, NRC had reviewed the proposed retention scheme for technical staff responsible for International Financial Reporting Standards 17 (“IFRS 17”) Implementation for the insurance subsidiaries (“Retention Scheme”) and recommended the same to the Boards of the insurance subsidiaries for approval. The Retention Scheme aims to ensure the completion of the IFRS 17 implementation for insurance subsidiaries and to build a pool of talents with IFRS 17 technical know-how.</p> <p>In 2019, the NRC also reviewed the 2018 staff performance bonus payout and 2019 staff salary increment of the Group and recommended for the respective Boards of the Group for approval.</p>
<p>Explanation for departure :</p>	

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

Measure	:		
Timeframe	:		

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The NRC of the Group has the following remuneration related objectives:-</p> <ul style="list-style-type: none">(i) to provide a formal and transparent procedure for developing a remuneration policy for Directors, CEOs, Senior Management; and(ii) to ensure that the compensation is competitive and consistent with the culture, objective and strategy of the Group. <p>The remuneration related duties and responsibilities of the NRC are as follows:-</p> <ul style="list-style-type: none">(i) recommending a framework of remuneration for Directors, CEOs and Senior Management of which should:-<ul style="list-style-type: none">(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;(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, the CEOs and Senior Management;(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;(d) be sufficient to attract and retain Directors, CEOs and Senior Management of calibre needed to manage the Group successfully;

	<p>(e) 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</p> <p>(f) be balanced against the need to ensure that the funds of the insurer are not used to subsidise excessive remuneration packages.</p> <p>(ii) recommending remuneration packages for Directors, CEOs and Senior Management. The remuneration packages should be reviewed annually and:-</p> <p>(a) be based on an objective consideration and approved by the full Board;</p> <p>(b) take due consideration of the assessments of the NRC the effectiveness and contribution of the Directors, CEOs and Senior Management concerned;</p> <p>(c) not be decided by the exercise of sole discretion of any one individual or restricted group of individuals; and</p> <p>(d) be competitive and is consistent with the culture, objective and strategy of the Group.</p> <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 2019 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 at www.allianz.com.my/corporate-profile (under the Corporate Governance section).</p>
<p>Explanation for departure :</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>Measure :</p>	
<p>Timeframe :</p>	

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.

Application	:	Applied																																																										
Explanation on application of the practice	:	<p>The Directors' remuneration of the Company (excluding 6% Services Tax, where applicable) for the FY 2019, was detailed below:-</p> <p><u>Company</u></p> <table border="1"> <thead> <tr> <th rowspan="2">Director</th> <th colspan="3">(RM'000)</th> <th rowspan="2">Total</th> </tr> <tr> <th>Fees</th> <th>Other Emoluments *</th> <th>Benefit-in-kind</th> </tr> </thead> <tbody> <tr> <td>Tan Sri Datuk (Dr.) Rafiah Binti Salim</td> <td>163</td> <td>197</td> <td>11</td> <td>371</td> </tr> <tr> <td>Foo San Kan</td> <td>105</td> <td>45</td> <td>-</td> <td>150</td> </tr> <tr> <td>Dato' Dr. Thillainathan A/L Ramasamy</td> <td>144</td> <td>55</td> <td>-</td> <td>199</td> </tr> <tr> <td>Tunku Zain Al-'Abidin Ibni Tuanku Muhriz</td> <td>138</td> <td>40</td> <td>-</td> <td>178</td> </tr> <tr> <td>Marzida Binti Mohd Noor</td> <td>133</td> <td>21</td> <td>-</td> <td>154</td> </tr> <tr> <td>Peter Ho Kok Wai</td> <td>35</td> <td>8</td> <td>-</td> <td>43</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>Renate Wagner</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Goh Ching Yin ^</td> <td>3</td> <td>11</td> <td>-</td> <td>14</td> </tr> </tbody> </table> <p>^ Mr. Goh Ching Yin is an INED of Allianz General Insurance Company (Malaysia) Berhad ("Allianz General") and Allianz Life Insurance Malaysia Berhad ("Allianz Life"), and he was the Chairman of the RMC. Following his appointment as Chairman of Allianz Life, he had relinquished his position as Chairman of RMC and re-designated as a Member of RMC on 3 October 2019.</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>	Director	(RM'000)			Total	Fees	Other Emoluments *	Benefit-in-kind	Tan Sri Datuk (Dr.) Rafiah Binti Salim	163	197	11	371	Foo San Kan	105	45	-	150	Dato' Dr. Thillainathan A/L Ramasamy	144	55	-	199	Tunku Zain Al-'Abidin Ibni Tuanku Muhriz	138	40	-	178	Marzida Binti Mohd Noor	133	21	-	154	Peter Ho Kok Wai	35	8	-	43	Solmaz Altin	-	-	-	-	Claudia Salem	-	-	-	-	Renate Wagner	-	-	-	-	Goh Ching Yin ^	3	11	-	14
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	<u>Group</u>				
	(RM'000)				
	Director	Fees	Other Emoluments *	Benefit-in-kind	Total
	Directors of the Company				
	Tan Sri Datuk (Dr.) Rafiah Binti Salim	373	357	22	752
	Foo San Kan	263	161	-	424
	Dato' Dr. Thillainathan A/L Ramasamy	365	74	-	439
	Tunku Zain Al-'Abidin Ibni Tuanku Muhriz	308	56	-	364
	Marzida Binti Mohd Noor	137	21	-	158
	Peter Ho Kok Wai	257	37	-	294
	Solmaz Altin	-	-	-	-
	Claudia Salem	-	-	-	-
	Renate Wagner	-	-	-	-
	Directors of the subsidiaries				
	Goh Ching Yin	274	80	-	354
Datuk Gnanachandran A/L S Ayadurai	60	14	-	74	
Zakri Bin Mohd Khir [#]	-	5,182	85	5,267	
Joseph Kumar Gross [#]	-	5,212	386	5,598	
<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> <p># The remuneration that have been received or receivable arising from the position as the CEO of insurance subsidiary respectively.</p>					
Explanation for departure					
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>					
Measure					

Timeframe	:		
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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.

Application	:	Applied		
Explanation on application of the practice	:	The remuneration of the top five Senior Management of the Group on a named basis for the FY 2019, as follows:-		
		RM	Senior Management	Position
		5,550,001 – 6,000,000	Joseph Kumar Gross	CEO of Allianz Life
		5,250,001 – 5,300,000	Zakri Bin Mohd Khir	CEO of AMB and Allianz General
		1,550,001 – 2,000,000	Horst Hermann Habbig	Chief Sales Officer of Allianz General
			Ong Pin Hean	Chief Sales Officer of Allianz Life
			Ong Eng Chow	CFO of AMB and Allianz Life
Explanation for departure	:			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>				
Measure	:			
Timeframe	:			

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.

Application :	Not Adopted
Explanation on adoption of the practice :	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>As at 31 December 2019, the AC comprises exclusively three INEDs.</p> <p>The AC is chaired by an INED, Dato' Dr. Thillainathan A/L Ramasamy, who is a Fellow of the Institute of Bankers Malaysia and holds a PhD in Economics and a Master in Economics from the London School of Economics, and a Class 1 Honours in Bachelor of Arts (Economics) Degree from the University of Malaya.</p> <p>Dato' Dr. Thillainathan A/L Ramasamy was appointed as the Chairman of the AC on 1 April 2017 whilst 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>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<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 2019, 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>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<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 17 August 2012 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 Corporate Governance section).</p> <p>In compliance with BNM's Guidelines on External Auditors, 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, and ensures that there is a rotation on the said partners at least once every five years.</p> <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</p>

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 (collective 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:-

CFO and the Finance team will evaluate the external auditors, engagement and concurring partners using the Evaluation Criteria as prescribed by the relevant authorities.



Evaluation results of the CFO and the Finance team and their recommendation will be submitted to the AC.



The AC deliberates on the recommendation based on the Evaluation Criteria and make recommendation to the Board for consideration.

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 financial 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 2019, the AC reviewed the proposed re-appointment of 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

	<p>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 the FY 2019 based on the following rationales:-</p> <ul style="list-style-type: none"> (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 2018 statutory audit satisfactorily. <p>During the FY 2019, 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.</p> <p>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 the FY 2019 for the respective Boards’ approval.</p> <p>The Board reviewed the assessment of PwC PLT (including of the Engagement Partner and Concurring Partner) based on the prescribed evaluation criteria 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 2019 be recommended for shareholders’ approval at the forthcoming 45th AGM of the Company scheduled in May 2019.</p> <p>The re-appointment of PwC PLT as External Auditors for the FY2019 was approved by the shareholders of the Company at the 45th AGM of the Company on 30 May 2019.</p>
<p>Explanation for departure</p>	<p>:</p>

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

Measure	:		
Timeframe	:		

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.

Application	:	Applied								
Explanation on adoption of the practice	:	As at 31 December 2019, the AC comprises solely of INEDs and the composition of the AC is as follows:- <table border="1" data-bbox="528 748 1378 1010"><thead><tr><th>Director</th><th>Composition</th></tr></thead><tbody><tr><td>Dato' Dr. Thillainathan A/L Ramasamy</td><td>Chairman, INED</td></tr><tr><td>Tan Sri Datuk (Dr.) Rafiah Binti Salim</td><td>Member, INED</td></tr><tr><td>Peter Ho Kok Wai</td><td>Member, INED</td></tr></tbody></table>	Director	Composition	Dato' Dr. Thillainathan A/L Ramasamy	Chairman, INED	Tan Sri Datuk (Dr.) Rafiah Binti Salim	Member, INED	Peter Ho Kok Wai	Member, INED
Director	Composition									
Dato' Dr. Thillainathan A/L Ramasamy	Chairman, INED									
Tan Sri Datuk (Dr.) Rafiah Binti Salim	Member, INED									
Peter Ho Kok Wai	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.

Application	:	Applied
Explanation on application of the practice	:	<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, Dato' Dr. Thillainathan A/L Ramasamy, is a Fellow of the Institute of Bankers Malaysia and has many years of working experience in the fields of finance, banking as well as economics.</p> <p>Peter Ho Kok Wai, an INED, was appointed as a member of AC on 1 October 2019, following the retirement of Foo San Kan on 30 September 2019. Peter Ho Kok Wai is a Member of the Malaysian Institute of Accountants, Fellow of the Institute of Chartered Accountants in England and Wales and a Member of 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. Accordingly, 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 2019.</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>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 the FY 2019 are set out in the AC Report in the 2019 Annual Report.</p>	
Explanation for departure :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure :		
Timeframe :		

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.

Application	:	Applied
Explanation on application of the practice	:	<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 the FY 2019.</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 Bank Negara Malaysia 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 2019 Annual Report.</p>
Explanation for departure	:	

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

Measure	:		
Timeframe	:		

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.

Application :	Applied
Explanation on application of the practice	<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 2019.</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 view that the system of internal control and risk management of the Group is sound and sufficient to safeguard shareholders'</p>

	investments and the Group's assets.	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

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.

Application	:	Adopted										
Explanation on adoption of the practice	:	<p>The Group had established a RMC, which comprises exclusively INEDs. The present composition of the RMC as at the date this CG Report are as follows:-</p> <table border="1"><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>Dato' Dr. Thillainathan A/L Ramasamy</td><td>Member, INED</td></tr><tr><td>Goh Ching Yin</td><td>Member, Independent Non-Executive Chairman of Allianz Life and INED of Allianz General</td></tr><tr><td>Datuk Gnanachandran A/L S Ayadurai</td><td>Member, INED of Allianz Life and Allianz General</td></tr></tbody></table> <p>The duties and responsibilities of the RMC are detailed in the terms of reference of the RMC attached to the Board Charter.</p>	Director	Composition	Peter Ho Kok Wai	Chairman, INED	Dato' Dr. Thillainathan A/L Ramasamy	Member, INED	Goh Ching Yin	Member, Independent Non-Executive Chairman of Allianz Life and INED of Allianz General	Datuk Gnanachandran A/L S Ayadurai	Member, INED of Allianz Life and Allianz General
Director	Composition											
Peter Ho Kok Wai	Chairman, INED											
Dato' Dr. Thillainathan A/L Ramasamy	Member, INED											
Goh Ching Yin	Member, Independent Non-Executive Chairman of Allianz Life and INED of Allianz General											
Datuk Gnanachandran A/L S Ayadurai	Member, INED of Allianz Life and Allianz General											

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.

Application :	Applied	
Explanation on application of the practice :	<p>The AC oversees the effectiveness of the internal audit function of the Group, among others:-</p> <ul style="list-style-type: none"> (i) reviewing and approving the internal audit plan including, amongst other, audit scope, procedures and frequency; (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 (iii) reviewing the appointment, performance evaluation, transfer, succession planning and removal of the Head of Internal Audit. <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>	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

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.

Application	:	Applied
Explanation on application of the practice	:	<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 the FY 2019, the IAD carried out its duties in accordance with its Audit Charter and the Group's Internal Audit Plan 2019. 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 the FY 2019. The Group Head of IAD has provided assurance to the AC via the annual declaration of independence for the FY 2019 that the internal audit activities carried out during the year has complied with the independence requirements of the IIA and other relevant practices or guidelines from Allianz SE Group Audit and there was</p>

	<p>no contravention of any applicable code of professional conduct in relation to the audit activities.</p> <p>Madam Ng Siew Leng, the Group Head of Internal Audit 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 2019.</p> <p>There are a total of 17 internal auditors, including the Group Head of Internal Audit as at 31 December 2019. 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 2019 were as follows:-</p> <table border="1" data-bbox="544 808 1390 1149"> <thead> <tr> <th data-bbox="544 808 1046 887">Expertise</th> <th data-bbox="1046 808 1390 887">Percentage of total internal auditors (%)</th> </tr> </thead> <tbody> <tr> <td data-bbox="544 887 1046 920">Finance</td> <td data-bbox="1046 887 1390 920">88</td> </tr> <tr> <td data-bbox="544 920 1046 954">IT</td> <td data-bbox="1046 920 1390 954">18</td> </tr> <tr> <td data-bbox="544 954 1046 987">Business/Economics</td> <td data-bbox="1046 954 1390 987">88</td> </tr> <tr> <td data-bbox="544 987 1046 1021">Marketing</td> <td data-bbox="1046 987 1390 1021">47</td> </tr> <tr> <td data-bbox="544 1021 1046 1055">General/Others</td> <td data-bbox="1046 1021 1390 1055">100</td> </tr> <tr> <td data-bbox="544 1055 1046 1088">Post Graduate</td> <td data-bbox="1046 1055 1390 1088"></td> </tr> <tr> <td data-bbox="544 1088 1046 1149">MBA and Masters</td> <td data-bbox="1046 1088 1390 1149">6</td> </tr> </tbody> </table> <p>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.</p> <p>As at 31 December 2019, two out of the total number of Internal Auditors are pursuing CIA/CISA.</p> <p>Annually, IAD performs Self-Assessment Review which is designed to evaluate its audit activity’s efficiency, effectiveness and identifies opportunities for improvements.</p>	Expertise	Percentage of total internal auditors (%)	Finance	88	IT	18	Business/Economics	88	Marketing	47	General/Others	100	Post Graduate		MBA and Masters	6
Expertise	Percentage of total internal auditors (%)																
Finance	88																
IT	18																
Business/Economics	88																
Marketing	47																
General/Others	100																
Post Graduate																	
MBA and Masters	6																
Explanation for departure :																	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>																	
Measure :																	
Timeframe :																	

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.

Application :	Applied
Explanation on application of the practice :	<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>The Company has conducted a stakeholder identification and prioritisation exercise to identify key internal and external stakeholder groups as well as means of engaging with them. The Stakeholder Prioritisation Matrix, engagement channels and stakeholder concerns by stakeholder group are detailed in Diagram 2 and Table 2 respectively in the Company's 2019 Sustainability Report.</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>

(ii) Audited Financial Statements and Annual Report

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.

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.

(iii) Corporate Announcements

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 www.allianz.com.my/bursa-announcements.

(iv) Investor Relations

The Senior Management comprising the CEO and CFO of the Group 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.

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.

In order to ensure that shareholders and investing public have equal access of the presentation slides for the briefing, 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 inquiries 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 : shamala.gopalan@allianz.com.my
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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 meetings 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)

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.

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

In addition, a 'contact us' section is also provided on the website to enable visitors to make enquiries online/various channels.

	<p>(viii) Social Media Platforms</p> <p>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 of 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 feedbacks to the Group. The following social media platforms of the Group are available for stakeholders:-</p> <p>(a) facebook.com/AllianzMalaysia (b) linkedin.com/company/allianz-malaysia-berhad (c) instagram.com/allianzmalaysia (d) youtube.com/allianzmalaysia</p> <p>Despite having various communication avenues, the Chairman also encourages feedbacks from all stakeholders which are reachable via e-mail at rafiah.salim@allianz.com.my.</p>	
Explanation for departure :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure :		
Timeframe :		

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.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board endeavours to adopt Integrated Reporting ("IR"), in line with Practice 11.2.	
		In kick-starting the Group's IR journey, the Board approved the engagement of an external consultant to conduct IR framework assessment for the Group. The outcomes of the assessment will be used to develop relevant action plans for IR adoption.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	As IR spans more than one reporting cycle for accomplishment, the Group takes an incremental approach in moving towards IR adoption from its existing reporting structure.	
Timeframe	:	Within 2 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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Notice of 45th AGM of the Company was issued to the shareholders on 30 April 2019 with 29 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 www.allianz.com.my for easy access and the said notice will be accompanied by explanatory notes for each agenda item which requires shareholders' approval.</p> <p>Administrative details for the AGM ("Guide") aims to facilitate preparation of shareholders for present at the meeting, is distributed to shareholders together with the Annual Report. The Guide sets out information with regard to the AGM, among others, location address and map, logistic and refreshment, registration details, entitlement to attend and vote, appointment of proxy, voting procedure and door gift entitlement.</p> <p>A hotline is set-up specifically for the AGM to address any enquiry from the shareholders.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>All members of the Board and Board Committees, Senior Management comprising the CEO and CFO/Head of Finance of the Company and the insurance subsidiaries, Heads from various Departments and the External Auditors, are present at the AGM to engage directly with the shareholders and to address concerns that may be raised by the shareholders.</p> <p>Suggestions received from the shareholders during the AGM, where applicable, will be evaluated and considered for implementation by the Board.</p> <p>The Management also shared with the shareholders the questions submitted in advance of the AGM by the Minority Shareholder Watch Group and the Company's response in relation thereto during the AGM. The questions from the Minority Shareholder Watch Group and the Company's response will be published on the Company's website after the AGM.</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>In the Company's effort to promote engagement and interaction with shareholders, information counters featuring the Group's insurance products, corporate responsibilities activities and other initiatives are set up during the AGM where shareholders' are able to understand more about the Group's products and at the same time to have hands-on experience on the various activities carried out by the Group.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

Measure	:		
Timeframe	:		

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.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board leverages on technology to improve conduct of AGM. The Board had at the 45th AGM held on 30 May 2019 conducted the meeting via poll voting electronically, in compliance with Paragraph 8.29A of the Listing Requirements. The poll voting was carried out electronically with the assistance from Tricor Investor & Issuing House Services Sdn Bhd as Poll Administrator. The poll voting results generated from the votes casted by shareholders and proxies were validated by BDO Governance Advisory Sdn Bhd, the independent scrutineer appointed by the Company.</p> <p>The Board noted that the conduct of general meetings would be more efficient and able to encourage greater participation of shareholders by leveraging on technology. The Board continues its effort to explore feasible solutions to facilitate voting in absentia and remote participation by shareholders at AGM.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Board continues its effort to explore feasible solutions to facilitate voting in absentia and remote participation by shareholders at AGM.
Timeframe	:	Within 1 year

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT
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.

Not applicable
