

ALLIANZ MALAYSIA BERHAD 197201000819 (12428-W)

RISK MANAGEMENT COMMITTEE - TERMS OF REFERENCE

Version 11.0

1.0 OBJECTIVE(S)

The primary objective of the Risk Management Committee of the Board of Allianz Malaysia Berhad ("RMC") is to assist the respective Boards of Directors ("Board") of Allianz Malaysia Berhad ("AMB") and its subsidiaries ("AMB Group" or "Group") to discharge their oversight function effectively. It should bear overall responsibility for effective risk identification, measurement, monitoring and control functions of the AMB Group. RMC shall oversee the senior management's activities in managing the key risk areas of the AMB Group and to ensure that the risk management process is in place and functioning effectively.

2.0 COMPOSITION

2.1 The members of the RMC are as follows:-

- (a) Lim Tuang Ooi (Chairman - Independent Non-Executive Director of Allianz General Insurance Company (Malaysia) Berhad)
- (b) Dr. Muhammed Bin Abdul Khalid (Independent Non-Executive Director)
- (c) Peter Ho Kok Wai (Independent Non-Executive Director)
- (d) Goh Ching Yin (Independent Non-Executive Director)

2.2 RMC should consist of at least three (3) Non-Executive Directors with majority being independent.

2.3 The Chairman of the RMC must be an Independent Director.

2.4 The Company Secretary shall act as the secretary of the RMC.

2.5 The permanent invitees to the meetings of the RMC are the following personnel from the respective companies within the AMB Group:-

- (a) Chief Executive Officers
- (b) Chief Financial Officers
- (c) Chief Risk Officers
- (d) Chief Internal Auditor/Head of Internal Audit Department
- (e) Chief Compliance Officer/Head of Compliance
- (f) Appointed Actuary

2.6 The composition of the RMC and any changes thereof must be approved by the Board after taking into consideration the recommendations of the Nomination and Remuneration Committee of AMB Board.

3.0 DUTIES AND RESPONSIBILITIES

3.1 The RMC is responsible for driving the risk management framework of AMB Group and to report to the respective Boards on its recommendations and/or decisions. Through structured reporting from Risk Management Working Committee, the RMC will consolidate the status of the risks and present them to the respective Boards for consideration.

3.2. The duties and responsibilities of the RMC are:-

- (a) to address strategic and corporate level risks (including compliance risk) and recommend to the respective Boards the strategies to manage these risks and ensure its implementation;
- (b) to review and assess the adequacy of risk management policies and framework for identifying, measuring, monitoring and controlling risks as well as the extent to which these are operating effectively;
- (c) to review and recommend risk management strategies, policies and risk parameters/tolerance levels, internal capital adequacy assessment process result for the approval of the respective Boards and to ensure any changes and concerns are communicated to senior management effectively;
- (d) to review and assess the effectiveness of the overall management of compliance risk;
- (e) to ensure the risk control and compliance functions have adequate resources, authority, infrastructure, systems and independence to enable an effective risk management and compliance;
- (f) to review the key risk profile and risks raised by business units and monitor the progress of action plans implemented;
- (g) to review and recommend for the approval of the respective Boards, the contingency planning, including its effectiveness testing covering policies, processes and resources in place to address potential crisis, unusual circumstances and stress situations;
- (h) to review periodic reports on risk exposure, risk portfolio composition and risk management activities;
- (i) to report to the respective Boards, the risk management and compliance status on a regular basis;
- (j) to approve the risk methodology to facilitate risk assessment; and

- (k) to review the target settings and performance and development of the Chief Risk Officers of the respective companies within the AMB Group and Chief Compliance Officer/Head of Compliance on yearly basis.
- (l) to assist the implementation of a sound remuneration system, examine whether incentives provided by the remuneration system take into consideration risks, capital, liquidity and the likelihood and timing of earnings, without prejudice to the tasks of the Nomination and Remuneration Committee of AMB Board.

4.0 AUTHORITY

- 4.1 The RMC is authorised by the respective Boards to deal with any matters within its terms of reference and/or authority limits granted by the respective Boards.
- 4.2 In addition to the above, the RMC may deal with such other matters as the respective Boards may from time to time determine and/or any matters within its terms of reference that any member may raise for discussion.
- 4.3 The RMC shall have full and unrestricted access to any information pertaining to matters within its terms of reference. All employees of the AMB Group are required to respond to any requests by the RMC and to assist the same in any matter it may handle or investigate.

5.0 MEETINGS, QUORUM AND VOTING

5.1 Meeting

- 5.1.1 The RMC should hold regular meetings, at a minimum once every quarter and should report regularly to the respective Boards.
- 5.1.2 The Chairman of the RMC may call for additional meetings of the RMC if the needs arise and may invite any person to be in attendance to assist the RMC in its deliberations.
- 5.1.3 In the absence of the Chairman at the meeting, the members present at the meeting shall elect one among themselves to be Chairman of the meeting.
- 5.1.4 The Secretary should be responsible for drawing up the agenda with the concurrence of the Chairman, and circulating it, supported by explanatory documentation, to RMC members within a reasonable timeframe prior to each meeting. Urgent matters may be tabled for the RMC's deliberation under a supplemental agenda provided the consent of the Chairman is obtained.

- 5.1.5 The Secretary should also be responsible for keeping the minutes of meetings of the RMC, their timely circulation to RMC members and other members of the respective Boards of the Group, and following up on outstanding matters in relation to the meetings.
- 5.1.6 The Chairman of the RMC should report to the respective Boards of the Group on the deliberations of the RMC on a regular basis. In addition, the Chairman should also present a summary of all significant matters and resolutions made by the RMC at Board meetings.
- 5.1.7 In between the RMC meetings, a resolution in writing signed by a majority of the RMC members for the time being, shall be as valid and effectual as if it had been passed at a meeting of the RMC. Any such resolution may be transmitted by the members of the RMC via facsimile transmission or email to the Secretary.

5.2 Quorum

- 5.2.1 The quorum of RMC meetings should be a simple majority of the RMC members.

5.3 Voting

- 5.3.1 Every RMC member shall have a right to speak and vote on any matter tabled at the meeting. The Secretary and any person present by invitation shall be entitled to speak but shall not have any voting right.
- 5.3.2 All matters that are to be decided upon and approved by the RMC shall be put to vote and passed by a majority of vote and in case of any equality of votes, the Chairman of the meeting shall have a casting vote.
- 5.3.3 Member who has a direct or deemed interest in the subject matter presented at the meeting shall abstain from deliberation and voting on the said subject matter.