

ALLIANZ MALAYSIA BERHAD GROUP OF COMPANIES
BOARD OF DIRECTORS' CHARTER

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1. INTRODUCTION

- 1.1 The Board of Directors' Charter ("**Board Charter**") 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 Chief Executive Officer, 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.
- 1.2 In the context of this Board Charter:-
- (a) the words "Company" shall refer to either Allianz Malaysia Berhad ("**AMB**") or Allianz General Insurance Company (Malaysia) Berhad ("**AGIC**") or Allianz Life Insurance Malaysia Berhad ("**ALIM**") or any other subsidiaries of AMB. AMB and its subsidiaries shall collectively referred to as "**Group**".
 - (b) AGIC and ALIM shall collectively referred to as "**insurance subsidiaries**" and individually as "**insurance subsidiary**".
 - (c) words importing the singular shall, where applicable, include the plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders.
- 1.3 All the relevant sections of the Financial Services Act 2013, the Companies Act 2016 and Capital Markets and Services Act 2007 and the definition of Independent Non-Executive Directors as prescribed by Bursa Malaysia Securities Berhad ("**Bursa Securities**") and Bank Negara Malaysia ("**BNM**") are set out in the Glossary annexed to this Board Charter.
- 1.4 The Board Charter will be reviewed periodically by the Board and made available on the Group's website.

2. BOARD OF DIRECTORS ("**BOARD**")

2.1 SIZE AND COMPOSITION

- 2.1.1 The size and composition of the Board shall be appropriate and well balanced to cater for the interest of the majority and minority shareholders as well as the business of the Company. Membership of the Board should 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 Group.
- 2.1.2 The minimum and maximum number of Directors shall be in accordance with the Company's Articles of Association ("**Constitution**"). The insurance subsidiaries must have a minimum of five Directors and a maximum of ten Directors. Nevertheless, insurance subsidiaries are discouraged from having more than eight Directors. However, a maximum of ten Directors may be allowed, provided the additional Directors are Independent Non-Executive Directors.
- 2.1.3 In determining number of Directors on the Board, the Board should inter-alia, take into consideration of the following:-

- (a) the evolving circumstances and needs of the Company in terms of its size, scope or geography;
 - (b) the need to achieve an appropriate balance of Executive and Non-Independent Non-Executive Directors and Independent Non-Executive Directors. A Board with a balanced composition will ensure that no individual or small group of individuals dominates decision-making;
 - (c) the need to ensure that the requisite/industry specific skills are represented on the Board;
 - (d) there is sufficient diversity to avert "group-think";
 - (e) the establishment of Board Committees becomes impracticable;
 - (f) the quorum requirements for Board Meetings; and
 - (g) the BNM's requirements on common directors
- 2.1.4 Independent Non-Executive Directors shall form a majority of the Boards of AMB and its insurance subsidiaries.
- 2.1.5 In the event of any vacancy in the Board of Directors of AMB, resulting in non-compliance with subparagraph 2.1.4 above, AMB must fill the vacancy within 3 months.
- 2.1.6 The positions of Chairman and Chief Executive Officer shall be held by different individuals to ensure a balance of responsibilities, authority and accountability for an effective Board.
- 2.1.7 The Board shall be chaired by a Non-Executive Director. The Chairman of the Board of insurance subsidiary must not be an executive, and must not have served as a Chief Executive Officer of the insurance subsidiary in the past five years.
- 2.1.8 The Board of the insurance subsidiaries shall not have more than one Executive Director, unless BNM approves otherwise in writing.
- 2.1.9 A Director in AMB may appoint a person approved by the Board of AMB to act as his alternate, provided that any fee paid by AMB to the alternate shall be deducted from that Director's remuneration. The alternate Director cannot be appointed as the Audit Committee member.
- 2.1.10 Appointment of alternate Directors is not permitted in insurance subsidiaries.
- 2.1.11 On an annual basis, the Board via the Nomination and Remuneration Committee shall review the composition of the Board in terms of the appropriate size and mix of skills, balance between Executive, Non-Executive and Independent Non-Executive Directors as well as diversity including gender diversity and other core competencies required to ensure the composition mix is appropriate and relevant to the business of the Company.
- 2.1.12 On annual basis, the Board via the Nomination and Remuneration Committee shall also review the composition of the Board Committees of AMB and their compliance with the corporate governance requirements of BNM, the Main Market Listing Requirements ("**MMLR**") of Bursa Securities and the Malaysian Code on Corporate Governance ("**Code**").

2.2 BOARD DIVERSITY

- 2.2.1 The Group recognises the important of a diverse workforce and abides by the principle of non-discrimination at the workplace based on age, disability, gender, race, religion, political preference and support diversity by recruiting according to skills, knowledge, experience, talents and ability rather than based on gender, race and ethnicity.
- 2.2.2 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.
- 2.2.3 The Board's commitment to diversity permeates throughout all levels of the organisation including the appointment of candidate to the Board.
- 2.2.4 The Board through the Nomination and Remuneration Committee will evaluate suitable woman candidate and vernal talent for appointment to the Board at the appropriate time. The appointment of new Board member will not be guided solely by gender and age, but also the skill set, experience and knowledge required.

2.3 QUALIFICATION, VACATION OF OFFICE AND REMOVAL OF DIRECTOR

- 2.3.1 No person shall be appointed or allowed to act as a Director or be involved whether directly or indirectly in the management of the Group, including acting in an advisory capacity in relation to the Group, if he:-
- (a) has been convicted by a court of law, whether within Malaysia or elsewhere, of an offence in connection with the promotion, formation or management of a corporation;
 - (b) has been convicted by a court of law, whether within Malaysia or elsewhere, of an offence, involving fraud or dishonesty or where the conviction involved a finding that he acted fraudulently or dishonestly; or
 - (c) has been convicted by a court of law of an offence under the Capital Markets and Services Act 2007, the Securities Industry (Central Depositories) Act 1991 and the Securities Commission Act 1993 or the Companies Act 2016, within a period of five years from the date of conviction or if sentenced to imprisonment, from the date of release from prison, as the case may be.
- 2.3.2 All Directors shall not be disqualified under section 59 (1) of the Financial Services Act 2013, section 198 of the Companies Act 2016 and shall meet the minimum qualification standards for Directors prescribed by BNM.
- 2.3.3 An active politician shall not be appointed as a Director/Chief Executive Officer. An active politician refers to an individual who is a member of any national or state legislative body, or who is an officer bearer of, or holds any similar office or position in a political party.

- 2.3.4 Practising lawyers, external auditors or accountants may be appointed as Directors of the Company provided that they are not partners of or employed by their firms, which provide professional advisory services to the Company for at least two years before being appointed as Directors.
- 2.3.5 Subject to the Paragraph 2.3.4, the practising lawyers, external auditors or accountants appointed as Directors of the Company must always be mindful of the need to avoid being involved or seen to be involved in any self-serving practices and conflict of interest situations in the conduct of their profession while serving as Directors of the Company. They are expected to exercise the highest degree of integrity and professionalism.
- 2.3.6 All Directors of AMB must comply with the MMLR of Bursa Securities and give to Bursa Securities, an undertaking letter as prescribed by Bursa Securities within fourteen days after his appointment.
- 2.3.7 Subject to any waiver from the relevant authorities regarding item (c) or (d) below, the office of a Director will become vacant if he:-
- (a) becomes of unsound mind;
 - (b) becomes bankrupt;
 - (c) is absent from more than 50% of the total Board Meetings of AMB held during a financial year (applicable to Directors of AMB);
 - (d) is absent from more than 25% of the total Board Meetings of insurance subsidiaries held during a financial year (applicable to Directors of ALIM and AGIC);
 - (e) is convicted by a court of law, whether within Malaysia or elsewhere, in relation to the offences set out in item 2.3.1 above; or
 - (f) resigns his office by notice in writing to the Company.
- 2.3.8 For the purposes of items 2.3.7 (c) and (d) above, if a Director is appointed after the commencement of a financial year, only the Board Meetings held after his appointment will be taken into account.
- 2.3.9 Where a Director is removed from office, a copy of any written representations made by the Director in question shall be sent to members of the Company under section 207 (3) of the Companies Act 2016, unless copies of such representations need not be sent out by reason of the circumstances specified in section 207 (5) of the Companies Act 2016. For AMB, a copy of such representations must be forwarded to Bursa Securities at the same time.
- 2.3.10 The written approval of BNM must be obtained before:-
- (a) the insurance subsidiaries removes an Independent Director; and
 - (b) an Independent Director resigns from his position.

2.4 BOARD PROFESSIONALISM

2.4.1 CODE OF CONDUCT

- (a) 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 corporate governance and corporate behavior based on principles in relation to sincerity, integrity, responsibility and corporate social responsibility. The Directors' Code of Ethics are as follows:-

- (i) Should have a clear understanding of the aims and purpose, capabilities and capacity of the Company;
- (ii) Should devote time and effort to attend Meetings and to know what is required of the Board and each of its Directors, and to discharge those functions;
- (iii) Should ensure at all times that the Company is properly managed and effectively controlled;
- (iv) Should stay abreast of the affairs of the Company and be kept informed of the Company's compliance with the relevant legislation and contractual requirements;
- (v) Should insist on being kept informed on all matters of importance to the Company in order to be effective in corporate management;
- (vi) Should limit his directorship of companies to a number in which he can best devote his time and effectiveness; each Director is his own judge of his abilities and how best to manage his time effectively in the Company in which he holds directorship;
- (vii) Should have access to the advice and services of the Company Secretary, who is responsible to the Board to ensure proper procedures, rules and regulations are complied with;
- (viii) Should at all times exercise his powers for the purposes they were conferred, for the benefit and prosperity of the Company;
- (ix) Should disclose immediately all contractual interests whether directly or indirectly with the Company;
- (x) Should neither divert to his own advantage any business opportunity that the Company is pursuing, nor may he use confidential information obtained by reason of his office for his own advantage or that of others;
- (xi) Should at all times act with utmost good faith towards the Company in any transaction and to act honestly and responsibly in the exercise of his powers in discharging his duties;
- (xii) Should be willing to exercise independent judgment and, if necessary, openly oppose if the vital interest of the Company is at stake;
- (xiii) Relationship with shareholders, employees, creditors and customers:-
 - Should be conscious of the interest of shareholders, employees, creditors and customers of the Company;

- Should at all times promote professionalism and improve the competency of management and employees; and
- Should ensure adequate safety measures and provide proper protection to workers and employees at the workplace.

(xiv) Social Responsibilities and the Environment:-

- Should adopt an objective and positive attitude and give the utmost cooperation for the common good when dealing with government authorities or regulatory bodies;
- Should ensure the effective use of natural resources, and improve quality of life by promoting corporate social responsibilities; and
- Should ensure that the activities and the operations of the Company do not harm the interest and well-being of society at large.

- (b) The Board has also adopted the 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, protect 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, ethical conduct of business and whistleblowing. The Allianz SE Code of Conduct is annexed herewith as **Appendix I**.

2.4.2 DIRECTORSHIPS

- (a) Directors shall devote sufficient time to carry out their responsibilities. The Board shall obtain this commitment from its members at the time of appointment.
- (b) Prior to the acceptance of any new directorship, Directors shall notify the Board and give assurance that the new appointment shall not affect their time commitment in the Company.
- (c) 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 Companies Act 2016, by the Directors of AMB, the notice period shall be five days.

The aforementioned disclosure will be circulated to the Board within seven days upon received and tabled at the next following Audit Committee and Board Meetings for information and record. Such changes will be immediately updated in the related party listing of the Group.

- (d) In addition, Directors are also required to disclose their directorships and shareholdings in other companies on a half yearly basis. Such disclosure will

be tabled at the Audit Committee and Board Meetings for information and the related party listing of the Group will be updated accordingly.

- (e) Pursuant to the MMLR of Bursa Securities, each member of the AMB Board must not hold more than five directorships in public listed companies.
- (f) A Non-Executive Director of the insurance subsidiaries should not simultaneously serve on the Board of more than fifteen companies (including the directorship in the insurance subsidiaries).
- (g) An Executive Director of the insurance subsidiaries may only hold a position as Non-Executive Director in other companies and may not hold a maximum of five directorships (including the directorship in the insurance subsidiaries).
- (h) The computation of number of directorships of a Director shall be complied with the method of calculation of number of directorships as prescribed by BNM and Bursa Securities.

2.4.3 INSIDER TRADING

- (a) In accordance with the MMLR of Bursa Securities and the relevant provisions of the Capital Markets and Services Act 2007, Directors and principal officers 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. Price sensitive information means information that "on becoming generally available would or would tend to have a material effect on the price or value of the securities" as referred to in section 185 of the Capital Markets and Services Act, 2007.
- (b) Affected Parties are prohibited from dealing in the securities of AMB during closed period which commencing thirty calendar days before the targeted date of announcement (AMB's quarterly results) up to the date of the announcement.
- (c) In ensuring that the Affected Parties complied with the above trading requirements, notices with regard to the closed period for trading in AMB's securities will be issued by the Company Secretary to the Affected Parties at least seven days prior to the commencement of the closed periods.
- (d) Nevertheless, the Affected Parties who are not in possession of price-sensitive information relating to AMB shares may engage in dealing in AMB securities during the closed period provided he/she complies with the following conditions:-
 - (i) before the proposed dealing, the Affected Parties must give notice of intention to deal in writing to the Company Secretary;
 - (ii) upon receipt of such notice, the Company Secretary must immediately announce to Bursa Securities, among others, the following information:-
 - The Affected Parties' current holdings of AMB securities; and

- The Affected Parties' intention to deal in AMB securities during the closed period;
- (iii) the proposed dealing can only be effected after one full market day from the date of the announcement as referred to in (ii) above;
- (iv) the Affected Parties must give notice of dealing in writing to the Company Secretary within one full market day after the dealing has occurred and the Company Secretary must immediately announce such notice to Bursa Securities. The notice and the announcement must include the following information:-
- the date on which the dealing occurred;
 - the consideration for the dealing; and
 - the number of securities involved in the dealing, both in absolute terms and as a percentage of all issued securities of that class.
- (e) The Affected Parties who wish to deal in the securities of AMB outside closed period must give a notice of dealing to the Company Secretary within three market days after the dealing has occurred and the Company Secretary must immediately announce such notice to Bursa Securities.
- (f) The Company Secretary must, at each Board Meeting, table a summary of dealings notified to AMB since the last Board Meeting.

2.4.4 CONFLICT OF INTEREST

- (a) In ensuring that the decision making process is transparent and to the best interest of the Company, all Directors and staff including the Chief Executive Officer are required to declare their interest in other entities on an annual basis. In addition, they are also required to disclose to the Company, any circumstances that may give rise to a conflict of interest situation during the course of carrying out their duties.
- (b) 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 various statutory requirements on the disclosure of Director's interest. A Director who has a direct or deemed interest in a proposal or subject matter presented at the Board/Board Committees Meeting shall abstain from deliberation and voting on the said proposal or subject matter.

2.4.5 FIT AND PROPER REQUIREMENTS

- (a) All Directors must fulfilled the criteria of "a fit and proper person" for their appointment as Directors as prescribed under the Financial Services Act 2013 and the BNM's Guidelines on Fit and Proper for Key Responsible Persons. In addition, the Group has in place a Fit and Proper Policy and Procedure for Key Responsible Persons ("**F&P Policy**") to assess the fitness and propriety of the key responsible persons including the Directors. The Group also adopted the Allianz SE Group Fit and Proper Policy to safeguard

a high Fit and Proper standard across the Allianz SE and its subsidiaries for Senior Management and key function members.

- (b) Any person to be appointed as Director must satisfy the following fit and proper criteria:-
 - (i) Probity, personal integrity and reputation - Person must have the personal qualities such as honesty, integrity, diligence and independence of mind and fairness.
 - (ii) Competence and capability - Person must possess the relevant knowledge, experience, ability to understand the technical requirement of the business, the inherent risks and the management process required to perform his/her role as a key responsible person in the relevant capacity effectively.
 - (iii) Financial integrity - Person must manage his own financial affairs properly and prudently.
- (c) All Directors are required to make an annual declaration that they fulfilled the minimum criteria of "a fit and proper person" as prescribed in Section 59(1), (2) and (3) of the Financial Services Act 2013.
- (d) The Nomination and Remuneration Committee carries out an annual review on the Directors' compliance with the fit and proper requirements. Upon completion of the annual review, the Nomination and Remuneration Committee will submit its observation to the respective Boards for deliberation.

The F&P Policy sets out the criteria and assessment process for the fitness and propriety of the Group's key responsible persons. The F&P Policy is annexed herewith as **Appendix II**.

2.5 BOARD RESPONSIBILITIES

- 2.5.1 Directors are accountable to the shareholders and should use their best efforts to ensure that the Company is properly managed and constantly improved so as to protect and enhance shareholder value, and to meet the Company's obligations to all parties with which the Company interacts. The Board should assume, amongst others, the following responsibilities:-
 - (a) reviewing and approving a strategic plan for the Company;
 - (b) formalise the Company's strategy on promoting sustainability;
 - (c) overseeing the conduct of the Company's business to ensure that the business is properly managed towards achieving the Company's corporate objectives;
 - (d) identifying key business risks, determining the risk appetite of the Company, and ensuring the implementation of appropriate systems to manage risks within established risk-tolerance limits;

- (e) approving corporate policies on critical areas of operations and business continuity plans;
- (f) succession planning, including the appointment, training, remuneration and performance review of Senior Management;
- (g) ensuring the adequacy and integrity of the Company's governance framework, internal control and management information systems, including systems for monitoring compliance with applicable laws, regulations, rules, directives and guidelines;
- (h) to select and appoint senior executive officers who are qualified and competent to administer the business effectively and soundly. The management team must be professional at all times in carrying out its duties, and the Board must be alert to the effectiveness and competence of their staff. The performance of the senior officers will, to a large extent, determine the health of the Company;
- (i) to safeguard the integrity and credibility of the Company. Directors must ensure that the management team and all employees conduct business with the highest level of moral behaviour and in a manner that instills public confidence;
- (j) to promote together with Senior Management, a sound corporate culture within the Group which reinforces ethical, prudent and professional behaviour;
- (k) to establish an Audit Committee and Internal Audit Department in line with the minimum standards prescribed by BNM and any other authorities;
- (l) to effectively supervise the affairs of the Company to ensure sound management. Directors must also ensure, at all times, that the assets of the Company are properly managed to meet its liabilities and in compliance with the relevant legal and regulatory requirements. Directors should be well informed of the affairs of the Company by devoting sufficient time to monitoring and supervising the affairs of the Company. Although Directors may delegate certain authority to senior management officers, ultimate responsibility for the sound management and business operations of the Company rests with the Board. Apart from retaining a record of the minutes of Board Meetings, a record of actions by Directors in connection with their oversight functions should also be kept;
- (m) to adopt and follow sound policies and objectives which have been fully deliberated. Directors must provide a clear framework of objectives and policies within which senior executive officers are to operate. These should cover all areas, including but not limited to solvency management, underwriting, claims management, reinsurance, investment, loans, risk management, financial planning and budgeting, and human resource management (where applicable to the respective companies). Clear lines of authority (and limits to this authority) for all levels of staff should be set by the Board;

- (n) to act honestly for the benefit of the Company and to avoid self-serving practices and conflicts of interest. Once their appointment takes effect, Directors are fiduciaries and must display the utmost good faith towards the Company in dealings with it or on its behalf. The Companies Act 2016 and the Financial Services 2013 subject Directors to disclosure requirements in respect of outside business interests and prohibits lending to Directors or Director-interested firms and corporations;
- (o) to be regularly informed of the financial condition, business performance and management policies of the Company. Directors should ensure that they have adequate information to provide effective strategic direction to the Company, and to apply immediate remedial measures should the need arise;
- (p) to observe all laws, rules and regulations as part of their statutory duties. Directors must be familiar with relevant laws, related regulations, interpretative rulings and notices, and must exercise care to see that these are not violated. This includes laws pertaining to certain restrictions, prohibitions and liabilities of Directors. Directors may be penalised for any non-compliance with legal requirements (in particular, the requirement for the insurance subsidiaries to maintain the minimum required margin of solvency at all times and ensure that its assets are in safe custody) and be removed from office if found to have acted against the interest of policyholders and/or the insurance subsidiaries concerned;
- (q) the duty of Directors to secure compliance with relevant legal requirements may involve a personal financial responsibility for losses arising out of illegal actions; and
- (r) overseeing the development and implementation of a shareholder communications policy for the Company. The responsibility of the Board is to ensure that the Group has in place a policy to enable effective communication with its shareholders and other stakeholders.

The following additional responsibilities are applicable to the Directors of insurance subsidiaries:-

- (a) that the Company's dealings with its policy owners, claimants and creditors are conducted in a fair and equitable manner;
- (b) Directors and officers of the Company, should not retain a commission on policies sold; and
- (c) to ensure that the Company has a beneficial influence on the national economy. Insurance subsidiaries provide risk and insurance management services for members of the public and therefore, play an important role in the national economy. Directors have a continuing responsibility to provide insurance services and facilities which are conducive for well-balanced economic growth and which are consistent with national objectives.

2.6 CHAIRMAN, INDEPENDENT NON-EXECUTIVE DIRECTOR, EXECUTIVE AND NON-EXECUTIVE DIRECTOR AND COMPANY SECRETARY

2.6.1 CHAIRMAN

- (a) The Chairman plays a crucial leadership and pivotal role in ensuring that the Board works effectively.
- (b) The Chairman's role:-
- (i) As a leader for the Board and chairs all Board Meetings.
 - (ii) Managing Board Meetings to ensure robust decision-making by:-
 - Setting the agenda for each Board Meeting together with the Company Secretary and the Chief Executive Officer and other key members of management, when required.
 - Obtaining suggestions and comments from other Directors.
 - Ensuring accurate, clear and timely information is provided to the Directors.
 - Leads discussion and promotes construction deliberation leading to effective contribution by each member of the Board during Board Meetings.
 - Managing boardroom dynamics by promoting a culture of openness and debate.
 - (iii) Building a high performance Board by:-
 - Promoting the highest standards of integrity, probity and corporate governance in the Company and taking a leading role in creating an effective corporate governance system.
 - Ensuring performance evaluation is performed on the Board, individual Directors and Board Committees and identification of training and development needs of the Directors.
 - Ensuring that prior to new Board and Chief Executive Officer appointments, a full assessment is undertaken, which may include a competency and behavioural analysis of the candidates.
 - Ensuring that Board and senior executive succession planning is considered on an ongoing basis.
 - Leading the Board in oversight of Management.
 - Managing personal conflict that may arise between Directors and/or Management.
 - Leading efforts to address the Board's developmental needs.
 - (iv) Managing Board/Management interface by:-
 - Acting as the main conduit between the Management and the Board.
 - Developing a positive relationship with the Management (including but not limited to Chief Executive Officer), acting as a confidant and advisor.
 - Facilitating the selection and appointment of a successor to the current Chief Executive Officer.

- (v) Being the public face by:-
- Acting as a spokesperson for the Board.
 - Representing the Company at shareholders' meetings and on other occasions both domestically and/or abroad.
 - Ensuring effective communication with the Company's shareholders and other stakeholders.

2.6.2 INDEPENDENT NON-EXECUTIVE DIRECTOR

- (a) The primary responsibility of Independent Non-Executive Directors is to protect the interest of minority shareholders and other stakeholders. The effective participation of Independent Non-Executive Directors serves to promote greater accountability and balance in the Board's decision-making process.
- (b) The Independent Non-Executive Directors play a significant role in bringing impartiality and scrutiny to Board deliberations and decision-making, so that no single party can dominate such decision-making in the Company.
- (c) An Independent Non-Executive Director means a Director who is independent of management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of the Company.
- (d) The responsibilities of an Independent Non-Executive Director should, amongst others, include the following:-
- (i) to enhance the independence and objectivity of the Board's deliberations from the executive arm of the Company;
 - (ii) to mitigate any possible conflict of interests between the policy-making process and the day-to-day management of the Company;
 - (iii) to constructively challenge and contribute to the development of strategies for the Company;
 - (iv) to ensure that the Board uses adequate systems and controls to safeguard the interests of the Company;
 - (v) to provide the 'check and balance' function to the Board; and
 - (vi) to monitor and provide an objective view on the performance of Executive Directors and management in meeting the agreed goals and objectives.

The Independent Non-Executive Directors shall comply with the definition of Independent Directors as prescribed by Bursa Securities and BNM. Both definitions of Independent Directors are set out in Glossary.

- (e) An Independent Non-Executive Director must immediately disclose to the Board on any change in his circumstances that may affect his status as an independent director. In such a case, the Boards of insurance subsidiaries must review his designation as an Independent Director and notify BNM in writing of its decision to affirm or change his designation.

- (f) The review of independence of Independent Non-Executive Director shall be conducted annually, upon admission of Independent Non-Executive Director and more frequently when a change in position or relationship warrants it or when any new interest or relationship develops. The observation of the Nomination and Remuneration Committee will be presented to the respective Boards for deliberation.
- (g) The independence evaluation process for Independent Non-Executive Directors are as follows:-
 - (i) The Company Secretary will distribute the independence declaration form as approved by the Board to all Independent Non-Executive Directors for completion.
 - (ii) Each Independent Non-Executive Director will perform a self review on his/her independence by completing the declaration form with questions drawn from the requirements imposed by the various authorities.
 - (iii) Responses will be collated by the Company Secretary and submit to the Nomination and Remuneration Committee for evaluation.
 - (iv) During the Nomination and Remuneration Committee Meeting, each Independent Non-Executive Director's response will be presented to the Nomination and Remuneration Committee for deliberation. The Nomination and Remuneration Committee will be guided by the assessment criteria approved by the Board when assessing the independence of the Independent Non-Executive Director.
 - (v) Each Independent Non-Executive Director shall excuse from meeting room during discussion of his/her independence.
 - (vi) Findings from the Nomination and Remuneration Committee will be presented to the respective Boards for deliberation.
- (h) The Board, through the Nomination and Remuneration Committee, evaluated the independence of the Independent Non-Executive Directors using the assessment criteria as approved by the Board taking into account, among others, the Independent Non-Executive Directors' contribution, ability to display independent judgment in the boardroom, family relationship, contractual relationship and financial links with other Directors or shareholders of the Group and equity interest in the Group.
- (i) An Independent Non-Executive Director who has served the Board for a consecutive service of more than nine years may, in the interest of the Company, continue to serve on the Board but in the capacity of a Non-Independent Non-Executive Director.

2.6.3 EXECUTIVE DIRECTOR AND NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

- (a) Executive Director is an employee of the Company and nominee of the Company's Holding Company and represent the Management of the Company. Executive Directors provide business insights to the Board and formulate business strategies and plan and accountable for business performance of the Group. They add value to a Board's decision making process through their technical expertise and knowledge of the business and its industry. The presence of Executive Directors can be beneficial as they are in a position to share their experiences on the internal workings of the

Company with Non-Executive Directors. Executive Directors can bring an intimate view of the strategic plan in action and hence are primed to participate in the decision-making process.

- (b) Non-Independent Non-Executive Director is not an employee of the Company and is normally a nominee of a substantial shareholder or Holding Company of the Company.
- (c) Non-Independent Non-Executive Director acts as a bridge between Management and stakeholders, particularly shareholders. He could provide the relevant checks and balances, focusing on shareholders' and other stakeholders' interests and ensuring that high standards of corporate governance are applied. The Non-Executive Director 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.
- (d) The Non-Independent Non-Executive Directors' main responsibilities are to:-
 - (i) advise and direct Management in the development and evaluation of strategy;
 - (ii) monitor Management's strategy implementation and operational performance;
 - (iii) satisfy themselves that financial information is accurate; and
 - (iv) review to ensure that the risk management and internal control systems are robust and defensible.

2.6.4 The Company Secretary

- (a) The Board should appoint a suitably qualified and competent Company Secretary who can support the Board in carrying out its roles and responsibilities.
- (b) The Company Secretary should not be disqualified under Section 238 (1) of the Companies Act 2016.
- (c) The Company Secretary should undertake, inter-alia, the following function:-
 - (i) Responsible for advising the Directors of their duties and responsibilities and obligations to disclose their interest in securities, prohibition on dealing of securities during the closed period, restriction on disclosure of price sensitive information, disclosure of any conflict of interest and related party transaction as well as disclosure of necessary information as required under the relevant legislations;
 - (ii) Preparing the agenda with the Chairman and Chief Executive Officer and notifying all Directors of Board Meetings;
 - (iii) Attends all Board and Board Committee Meetings and ensures that all Meetings are properly convened and proceedings of the Board and Board Committee Meetings and decisions thereof are properly recorded, communicating decisions of the Board and Board Committees to the relevant management for necessary action, follow-up on proposals or matters tabled at the Board or Board Committee Meetings;

- (iv) Providing full access and services to the Board;
- (v) Assisting the Board with interpreting legal and regulatory acts related to the Code, MMLR of Bursa Securities and other related regulations and developments;
- (vi) Advising the Board on its obligatory requirements to disclose material information to the shareholders and financial markets on a timely basis;
- (vii) Handling Company share transactions and other duties as prescribed under the relevant legislations;
- (viii) Notifying the Chairman of any possible violations of legal and regulatory acts;
- (ix) Ensuring the appointment of new Directors, re-appointment and resignation of Directors are in accordance with the relevant legislations;
- (x) Ensuring execution of assessment for Directors and the Board/Board Committees;
- (xi) Briefing new Directors on organisational structure of the Company and procedures that regulate the operations of the Board;
- (xii) Ensuring availability of information required by new Directors for the proper discharge of their duties;
- (xiii) Assisting the Board and Chairman on the implementation of the Code;
- (xiv) Monitoring compliance with the principles and recommendations of the Code and informing the Board of any breaches;
- (xv) Ensuring high standard of governance by keeping abreast of the latest enhancement in corporate governance and changes in the legal and regulatory framework;
- (xvi) Facilitate the orientation of new directors and compliance with company and securities regulations and listing requirements;
- (xvii) Manage processes pertaining to the annual shareholder meeting; and
- (xviii) Serve as a focal point for stakeholders' communication and engagement on corporate governance issues.

(d) The appointment and removal of the company secretary must be approved by the Board.

2.7 APPOINTMENT TO THE BOARD

2.7.1 The Directors shall have power at any time, and from time to time, to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, however the total number of Director shall not exceed the number fixed in accordance with the Company's Constitution.

2.7.2 The appointment of Directors for the insurance subsidiaries required the prior written approval of the BNM pursuant to section 54(2) of Financial Services Act 2013. All appointment of Directors are subject to the evaluation by the Nomination and Remuneration Committee and approved by the Board of the Company before the applications are submitted to BNM for approval.

2.7.3 The evaluation process and procedures for appointment of Directors practised within the Group prior to the submission to BNM for approval, are as follows:-

(a) Nomination of candidate for appointment as Director will be evaluated by the Nomination and Remuneration Committee and shall taking into consideration the criteria prescribed by the BNM and the fit and proper requirements when assessing the candidate for the position. The Nomination and Remuneration Committee in making its recommendation on candidates for directorship should consider the candidate's:-

- (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 Independent Non-Executive Directors, the Nomination and Remuneration Committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors.

(b) The findings and recommendation from the Nomination and Remuneration Committee will be submitted to the Board for consideration.

2.7.4 Letters of appointments should be provided to Non-Executive Directors covering inter-alia, their responsibilities, code of conduct, remuneration and liability insurance.

2.7.5 All AMB Directors are required to submit the letter of undertaking on compliance to the MMLR and the Independent Non-Executive Directors of AMB are required to submit the letter in relation to their independency as prescribed by Bursa Securities not later than fourteen days from the date of appointment.

2.8 RE-ELECTION AND RE-APPOINTMENT OF DIRECTOR

2.8.1 In accordance with the Constitution of the Company, one third of the Directors shall retire by rotation at each Annual General Meeting and that a Director who is appointed during the year shall be retired at the next following Annual General Meeting. The Constitution further provides that all Directors shall retire from office at least once in every 3 years ("**Re-Election**").

2.8.2 The Nomination and Remuneration Committee will review and assess the performance of the Directors who are subject to Re-Election at the Annual General Meeting and submit its recommendation to the Board for consideration prior to the proposed Re-Election being presented to the shareholders for approval.

2.8.3 The evaluation process and procedures for Re-Election practiced within the Group are as follows:-

(a) Evaluation is performed by the members of the Nomination and Remuneration Committee on the Directors who are subject to Re-Election based on the following criteria as approved by the Board:-

- (i) Compliance with prescriptive requirements by regulators;
- (ii) Participation in Board and Board Committees' Meetings;
- (iii) Contribution to interaction;
- (iv) Quality of input; and

(v) Understanding of role.

(b) The evaluation results of the said Directors by each member of the Nomination and Remuneration Committee will be submitted to the Nomination and Remuneration Committee for review.

(c) Thereafter, the findings and recommendation of the Nomination and Remuneration Committee together with the evaluation results will be submitted to the Board for decision.

2.8.4 The re-appointment of a Director in the insurance subsidiaries, upon expiry of his current term of office as approved by BNM is subject to the prior approval of BNM. The evaluation process and procedures for Director who is subject to renewal of his term shall be the same as detailed in paragraph 2.8.3 above.

2.9 BOARD AND DIRECTOR PERFORMANCE EVALUATION

2.9.1 EVALUATION PROCESS AND PROCEDURES

(a) A performance evaluation process of the Board, individual Directors, Board Committees and their members with clear evaluation criteria was established and communicated to all Directors.

(b) The evaluation process and procedures practised within the Group are as follows:-

Type of Evaluation	Evaluated By	Evaluation Criteria	Evaluation Process and Procedures
Annual Performance Evaluation on the Board	Peers	Covers the areas, among others:- <ul style="list-style-type: none"> • Roles and responsibilities • Conformance and compliance • Stakeholder relationships • Performance management 	(a) The evaluation forms approved by the Board will be circulated to the Directors for completion. (b) The responses will be collated by the Company Secretary and the summary of the evaluation results on the Board and individual Directors will be submitted to the Nomination and Remuneration Committee for review.
Annual Performance Evaluation on Individual Directors	Peers	Covers the areas, among others:- <ul style="list-style-type: none"> • Directors' compliance with prescriptive requirements imposed by regulators • Participation in Board and Board Committees • Contribution to interaction 	

Type of Evaluation	Evaluated By	Evaluation Criteria	Evaluation Process and Procedures
		<ul style="list-style-type: none"> • Quality of input • Understanding of role 	<p>(c) Thereafter, the findings and recommendation of the Nomination and Remuneration Committee together with the summary of the evaluation results will be submitted to the Board for deliberation.</p>
Annual Performance Evaluation on Board Committees and their members	Nomination and Remuneration Committee	<p>Covers the areas, among others:-</p> <ul style="list-style-type: none"> • Composition • Quality of inputs • Level of experience • Contribution and performance • Timely reporting 	<p>(a) The evaluation forms approved by the Board will be circulated to the Nomination and Remuneration Committee members for completion.</p> <p>(b) The responses will be collated by the Company Secretary and the summary of the evaluation results on the Board Committees and their members will be submitted to the Nomination and Remuneration Committee for review.</p> <p>(c) Thereafter, the findings and recommendation of the Nomination and Remuneration Committee together with the summary of the evaluation results will be submitted to the Board for deliberation.</p>

2.9.2 POST-EVALUATION PROCESS

The Nomination and Remuneration Committee shall propose for the Board's approval the development plan for Directors, if required, as part of a continual improvement process in the boardroom.

2.10 MEETING, QUORUM AND VOTING

2.10.1 MEETING

- (a) 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. The Board of AMB meets regularly at least five times in a year whilst the Boards of insurance subsidiaries should meet at least six times in a year. Additional Board Meetings are held as and when required.
- (b) Each Director must meet the Board Meeting attendance requirements imposed by the relevant authorities (AMB – at least 50% in each financial year, insurance subsidiaries – at least 75% in each financial year).
- (c) The Board Meetings shall be conducted in accordance with a structured agenda approved by the Chairman. All Directors are given sufficient time to review the meeting papers prior to Board Meetings. The agenda together with the minutes of the Board Meeting and meeting papers shall be circulated to the Board at least one week prior to each Board Meeting to accord sufficient time for the Directors to review and consider issues to be discussed at the Board Meetings. Urgent matters may be tabled for the Board's deliberation under a supplemental agenda.
- (d) The meeting papers should be prepared in accordance with a prescribed format aims to provide clear, comprehensive and concise information to the Board to facilitate their deliberation and decision making.
- (e) A Director who has a direct or deemed interest in a subject matter presented at the Board Meeting shall abstain from deliberation and voting on the said subject matter.
- (f) Key matters reserved for 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 Chief Executive Officer and key responsible persons, remuneration for Directors, Chief Executive Officer and key responsible persons.
- (g) The Board should consistently be informed and updated on the following matters in relation to:-
 - (i) business operations;
 - (ii) financial and business reviews and development;
 - (iii) Group strategy; and
 - (iv) information on business proposition including market share, industry development, corporate proposals, risk management review,

regulation updates, compliance and other operational efficiency projects.

- (h) The Board should be informed of the decision 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.
- (i) In the absence of the Chairman at the Board Meeting, the members present at the Meeting shall elect one among themselves to be the Chairman of the Board Meeting.
- (j) Any Director may participate in a Meeting of the Directors by means of a conference telephone or other method of audio or audio visual communication or similar means of communications equipment whereby all persons participating in the Meeting can hear each other and participation in this manner shall be deemed to constitute presence in person at such Meeting. However, the attendance at a board meeting, by way other than physical presence, remains the exception rather than the norm.
- (k) Board resolutions passed by way of circular resolution should be practised sparingly although it is permitted under the Company's Constitution that a resolution in writing signed by a majority of the Directors shall be as valid and effectual as if it had been passed at Board Meeting.
- (l) Circular Resolution should not be used to approve complex matters which require rigorous discussion and consideration of the Board.
- (m) Circular resolutions passed by the Board shall be tabled at the next Board Meeting for information of the Board.

2.10.2 QUORUM

The quorum of the Board Meeting should be two members.

2.10.3 VOTING

- (a) Every Board Member shall have a right to speak and vote on any matter tabled at the Meeting. The Company Secretary and any person present by invitation shall be entitled to speak but shall not have any voting right.
- (b) All matters that are to be decided upon and approved by the Board 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.
- (c) 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.

2.11 ACCESSIBILITY OF INFORMATION AND ADVICE

2.11.1 ACCESS TO MANAGEMENT AND INFORMATION

- (a) Board members must have complete unimpeded access to the Group's Management. Board members have unrestricted access to all information and documents relevant to the business and affairs of the Group including the Group's auditors and consultants.
- (b) The Board should be 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 in between the Board Meetings. Briefing will be arranged to discuss on important issues.
- (c) The Board may invite any employees to be in attendance of Board Meetings to assist it in its deliberations.

2.11.2 ACCESS TO THE COMPANY SECRETARY

- (a) All Directors have direct access to the advice and services of the Secretary for the purposes of the Board's affairs.
- (b) The Company Secretary works closely with the Management to ensure that there are timely and appropriate information flows within and to the Board and Board Committees, and between the Non-Executive Directors and the Management.

2.11.3 ACCESS TO INDEPENDENT PROFESSIONAL ADVICE

- (a) In discharging of their duties, each member of the Board is entitled to obtain independent professional advice at the cost of the Company.
- (b) If a Director considers the professional independent advice is necessary, the Director shall first discuss the intention with the Chairman and with the permission of the Chairman, bring the request to seek professional independent advice for the Board's consideration. The reason for seeking independent professional advice and the proposed cost involved should be presented to the Board for approval and the Director may proceed once Board's approval is obtained.
- (c) The above restriction shall not apply to Executive Directors acting in the furtherance of their executive responsibilities and within their delegated powers.
- (d) Independent professional advice shall include but not limited to legal, finance, accounting, governance or other professional advice. Independent professional advice shall exclude any advice concerning the personal interests of the Directors (such as with respect to their contracts or disputes with the Company), unless these are matters affecting the Board as a whole and unanimous agreement obtained from the Board.

2.12 DIRECTORS' INDUCTION AND CONTINUING EDUCATION

- 2.12.1 The Nomination and Remuneration Committee oversees the training needs of the Directors. All newly appointed Directors are required to attend the orientation programme within three months from his/her date of appointment to familiarise them with the Group's organisation structure, business and the insurance industry.
- 2.12.2 A formalised orientation programme should be developed and provided to new members of the Board to ensure that they understand, among others:-
- (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.
- 2.12.3 All Directors appointed to the Board of AMB are required to complete the Mandatory Accreditation Programme as prescribed under the MMLR of Bursa Securities within four months from the date of appointment.
- 2.12.4 Newly appointed Director to the Board of the insurance subsidiaries is required to attend the high level Financial Institutions Directors' Education ("FIDE") Programme developed by BNM and Perbadanan Insurans Deposit Malaysia in collaboration with the International Centre for Leadership in Finance within one year from his appointment. Nevertheless, the Directors of AMB are encouraged to attend the FIDE Programme.
- 2.12.5 In order to keep the Directors abreast with the dynamic and complex business environment as well as new statutory and regulatory requirements, the Board has approved the following areas of training for the Directors:-
- (a) Laws and regulations imposed by the relevant authorities and any updates in respect thereto.
 - (b) Risk management and compliance controls.
 - (c) Finance, accounting and insurance related requirements.
 - (d) Corporate governance.
 - (e) Business related subjects of the Group.
- 2.12.6 On an on-going basis, all guidelines and circulars (excluding administrative circulars) issued by BNM should be circulated to the Boards of the insurance subsidiaries within one month from the date of issuance of the guideline or circular.

2.13 SUCCESSION PLANNING

- 2.13.1 The Board is responsible to ensure that candidates appointed to Senior Management positions are of sufficient calibre. The Board should be satisfied that there are programmes in place to provide for the orderly succession of Senior Management.
- 2.13.2 The Nomination and Remuneration Committee is assigned with the responsibility to oversee the succession planning for the Senior Management.
- 2.13.3 The Nomination and Remuneration Committee through its annual review of the composition of the Board in terms of the appropriate size and mix of skills, the balance between Executive, Non-Executive and Independent Non-Executive

Directors, as well as diversity including gender diversity and other core competencies required by the Company, recommends the Board succession planning for the Board's consideration.

2.13.4 The Board leverages on the Directors' network, shareholders' recommendation and industry database and independent sources to identify potential candidates for appointment to the Board.

2.14 DIRECTORS' REMUNERATION

2.14.1 The directors' remuneration shall be determined based on the following criteria:-

- (a) overall performance of the Group (only applicable to Executive Director);
- (b) level of responsibility;
- (c) expertise;
- (d) complexity of the company's activities; and
- (e) attendance at Meetings.

2.14.2 Individual Directors shall abstain from discussion of their own remuneration.

2.14.3 The Nomination and Remuneration Committee recommends to the Board the remuneration to be paid to each Director based on the remuneration policy as approved by the respective Boards. It is, nevertheless the ultimate responsibility of the entire Board to decide the quantum for each Director.

2.14.4 The structure of Board fees for the Independent Non-Executive Directors who are not representing the interest of the major shareholder:-

Comprising of 3 components:-

- fixed annual fee for acting as Director;
- fixed annual Board Committee fee for assuming additional responsibilities; and
- meeting allowance.

2.14.5 The Directors are also conferred benefits in kind in the form of telecommunication equipment, Group Hospitalisation and Surgical, outpatient benefit and Group Personal Accident.

2.14.6 The Executive Directors received only remuneration paid to them for their respective designated position held in the Group.

2.14.7 The Directors' remuneration shall be reviewed from time to time in order to attract and retain Directors.

2.15 INDEMNIFICATION AND DIRECTORS AND OFFICERS INSURANCE

2.15.1 The Company may not indemnify a Director against liability arising from:-

- (a) willful misconduct or breach of trust by the Director;
- (b) the Director acting without the necessary authority;
- (c) reckless trading; or
- (d) fraudulent acts of the Director.

2.15.2 Other than the specific instances above, the Company may purchase insurance to protect a Director or the Company against any liability in respect of which the Company is permitted to indemnify a Director under the permitted circumstances of the law and Constitution of the Company.

3. DELEGATION OF AUTHORITY

- (a) The Board is responsible for overseeing the overall affairs of the Company. To ensure effective discharge of its functions and responsibilities, distinctions must be maintained between management's functions and the overall responsibility of the Board.
- (b) The Board has established authority limit guidelines ("**Authority Limit Guidelines**") detailing matters specifically reserved for its decision and those delegated to the Management and the Board Committees and the parameters in relation thereto. The Authority Limit Guidelines set out the responsibility and the approval limits for each party and is made available to all Directors and accessible by staff via the Group's staff e-portal.

3.1 MANAGEMENT AUTHORITY LIMIT

- 3.1.1 There should be a clear division of responsibilities between the top management positions which will ensure a balance of power and authority, such that no one individual has unfettered decision making powers.
- 3.1.2 The Board's 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 check and balance in delegation of authority.
- 3.1.3 Such authority limits are documented in the Authority Limit Guidelines and are regularly review to ensure the said guidelines remain relevant to the changing environment.
- 3.1.4 Senior Management Committees comprising Senior Management is set up at insurance subsidiaries level and chaired by the Chief Executive Officers of the respective insurance subsidiaries. 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 Company and ensure its effectiveness. The Management Committees formulate tactical plans and business strategies, monitor the performance of the Company 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.

3.2 CHIEF EXECUTIVE OFFICER

3.2.1 The Chief Executive Officer is in charge of the day-to-day running of the business.

3.2.2 The key roles of the Chief Executive Officer are:-

- (a) setting business objectives and strategic direction, coordinating and supervising the Company, as well as implementing and overseeing an efficient risk management system;
- (b) ensuring that the Company's and the Group's (applicable to Chief Executive Officer of AMB) business is properly and efficiently managed by ensuring that the executive team implements the policies and strategies adopted by the Board and Board Committees;
- (c) responsible for monitoring adherence to internal policies or statutory provisions and official regulations;
- (d) assisting the Chairman in drawing up the agenda for Board Meetings by providing input in relation to important strategic issues facing the business;
- (e) ensuring that operational planning and control systems are in place;
- (f) ensuring Board decisions and instruction are implemented;
- (g) providing strong leadership and ensure the business objectives and strategies are communicate across all levels in the Company; and
- (h) ensuring organisational structure and systems in place to develop talent and succession planning for Senior Management.

3.2.3 Chief Executive Officer is expected to report to the Board in timely manner on:-

- (a) the performance, financial condition and operating environment of the financial institution;
- (b) internal control failures, including breaches of risk limits; and
- (c) legal and regulatory obligations.

3.3 BOARD COMMITTEES

3.3.1 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 particular issues and report back to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

3.3.2 The Board Committees set up to assist the Board on specific areas of responsibilities as described in the respective Board Committees' terms of reference. The insurance subsidiaries have formally used the services of the Board Committees of AMB since 1 January 2008.

- 3.3.3 The present Board Committees are Audit Committee, Risk Management Committee, Nomination and Remuneration Committee.
- 3.3.4 The Terms of References of the Board Committees as approved by the Board are set out in **Appendices III to V**.

GLOSSARY

Except where the context otherwise requires, the following definitions shall apply throughout this Glossary.

approved person : a person approved under section 11 of the Financial Services Act 2013 (“FSA”) to carry on an approved business.

Section 11 of FSA – Approval by Bank

- (1) In assessing an application duly made under section 9 to carry on any approved business, the Bank shall have regard to all the factors set out in Part 1 of Schedule 5 and such other matters that the Bank considers relevant.
- (2) The Bank may—
 - (a) approve an application to carry on any approved business, with or without conditions, or for such period as stated in the approval; or
 - (b) reject the application.
- (3) A person approved under paragraph (2)(a) to carry on insurance broking business or financial advisory business shall at all times have in force a professional indemnity insurance or takaful of such amount as may be specified by the Bank.
- (4) The Bank shall notify the applicant in writing of its decision under subsection (2).
- (5) Where the Bank approves an application under paragraph (2) (a), an approved person shall commence its approved business within a period or such further period as may be specified by the Bank.
- (6) Any person who contravenes subsection (3) commits an offence and shall, on conviction, be liable to imprisonment for a term not exceeding five years or to a fine not exceeding ten million ringgit or to both.

Section 9 of FSA – Application for authorization

An applicant for a licence under section 10 or an approval under section 11 to carry on an authorized business shall submit the application in writing to the Bank together with such documents or information as may be specified by the Bank.

approved business :

1. Operation of a payment system which:-
 - (a) enables the transfer of funds from one banking account to another, which includes any debit transfer, credit transfer or standing instructions but does not include the operation of a remittance system approved under section 40 of the Money Services Business Act 2011 (“MSBA”); or
 - (b) provides payment instrument network operation which enables payments to be made through the use of a payment instrument.
2. Issuance of a designated payment instrument.
3. Insurance broking business.
4. Money-broking business.
5. Financial advisory business.

Section 40 of MSBA - Use of remittance system by a licensee who carries on remittance business

- (1) No licensee who carries on remittance business shall utilise a remittance system, whether its own system or a system of a third party, without the prior written approval of the Bank.
- (2) The remittance system under subsection (1) shall meet the minimum requirements as Bank may prescribe.
- (3) Bank, in granting its approval under subsection (1), may impose such conditions as it thinks fit and such conditions shall be complied with by the licensee.

A licensee who contravenes subsection (1) or (3) commits an offence.

Licensee means a person licensed under MSBA.

Bank	:	Bank Negara Malaysia or in English, the "Central Bank of Malaysia"
financial adviser's representative	:	an individual, however styled, in the direct employment of, acting for or by arrangement with an approved financial adviser, who performs for the financial adviser any services relating to financial advisory business
financial year	:	the period in respect of which any profit and loss account of the institution laid before it in general meeting is made up, whether that period is a year or not
licensed person	:	a person licensed under section 10 of the FSA to carry on a banking business, insurance business or investment banking business

Section 10 of FSA - Grant of Licence by Minister

- (1) In assessing an application duly made under section 9 to carry on any licensed business, the Bank shall have regard to all the factors set out in Part 1 and Part 2 of Schedule 5 and such other matters that the Bank considers relevant.
- (2) Upon making an assessment under subsection (1) and where the Bank is satisfied that such applicant may be granted a licence, the Bank shall make a recommendation to the Minister to grant a licence under subsection (4) with or without conditions.
- (3) The Bank shall notify the applicant in writing if the Bank does not make a recommendation to the Minister under subsection (2).
- (4) Where the Bank makes a recommendation pursuant to subsection (2), the Minister may grant a licence to the applicant to carry on banking business, insurance business or investment banking business, with or without conditions.
- (5) The Bank shall notify the applicant in writing of the decision of the Minister under subsection (4).
- (6) Where the Minister grants a licence under subsection (4), a licensed person shall commence its licensed business within a period or such further period as may be specified by the Minister, on the recommendation of the Bank.

(A) **FSA**

Section 47 - Power of bank to specify standards on prudential matters

- (1) The Bank may specify standards on prudential matters to promote:-
- (a) the sound financial position of an institution; or
 - (b) integrity, professionalism and expertise in the conduct of the business, affairs and activities of an institution.
- (2) Without limiting the generality of subsection (1), standards specified under that subsection may include standards relating to:-
- (a) capital adequacy;
 - (b) liquidity;
 - (c) corporate governance;
 - (d) risk management;
 - (e) related party transactions;
 - (f) maintenance of reserve funds;
 - (g) insurance funds; and
 - (h) prevention of an institution from being used, intentionally or unintentionally, for criminal activities.
- (3) For purposes of paragraph (2)(e), "related party transactions" means transactions with an institution involving:-
- (a) a director, officer or shareholder of the institution;
 - (b) any person in a position to influence or control the institution or affect the decisions of the institution;
 - (c) a relative or dependent of any person referred to in paragraph (a) or (b); or
 - (d) any other person as may be specified by the Bank, which in the opinion of the Bank may cause the institution to be in a conflict of interest situation.

Section 54(2) - Chairman, directors and chief executive officer of institution

Except with the prior written approval of the Bank:-

- (a) no licensed person shall appoint or elect, or re-appoint or re-elect any person as its chairman, director or chief executive officer; and
- (b) no person shall accept any appointment or election, or re-appointment or re-election as a chairman, director or chief executive officer, of a licensed person.

Section 55 - Requirements to be chairman, director, chief executive officer or senior officer

- (1) An institution shall not appoint or elect, re-appoint or re-elect any person as a chairman, director, chief executive officer or senior officer of the institution, unless such person:-
- (a) is an individual;
 - (b) is not disqualified under subsection 59(1); and
 - (c) has complied with the fit and proper requirements as may be specified by the Bank under section 60.

- (2) No person shall accept any appointment or election, reappointment or re-election as a chairman, director, chief executive officer or senior officer of an institution, unless such person:-
- (a) is not disqualified under subsection 59(1); and
 - (b) has complied with the fit and proper requirements as may be specified by the Bank under section 60.

Section 59 - Disqualifications

- (1) A person is disqualified from being appointed or elected, re-appointed or re-elected, accepting any appointment or election, or holding office, as a chairman, director, chief executive officer or senior officer of an institution if:-
- (a) he is an undischarged bankrupt, has suspended payments or has compounded with his creditors whether in or outside Malaysia;
 - (b) a charge for a criminal offence relating to dishonesty or fraud under any written law or the law of any country, territory or place outside Malaysia, has been proven against him;
 - (c) he is prohibited from being a director of a company or in any way, whether directly or indirectly, be concerned or take part in the management of a company in Malaysia pursuant to a court order made under section 199 of the Companies Act 2016 ("CA") and has not obtained any leave of the court under the same section; or
 - (d) under any law relating to prevention of crime, drug trafficking or immigration:-
 - (i) an order of detention, supervision, or deportation has been made against that person; or
 - (ii) any form of restriction or supervision by bond or otherwise, has been imposed on him.
- (2) Where any criminal proceeding is pending in any court for any offence referred to in paragraph (1)(b) against a chairman, director, chief executive officer or senior officer of an institution, such person shall not-
- (a) act in such capacity, hold any other office or act in any other capacity, in that institution; or
 - (b) be concerned with, take part or engage in any manner, whether directly or indirectly, in any activity, affairs or business of, or in relation to, that institution, except as may be permitted by the board of directors of the institution subject to such conditions as may be specified by the Bank.
- (3) For the purposes of subsection (2), "criminal proceedings" shall be deemed to be pending from the date that the accused person is first charged in court for the offence until the date of the final conclusion of the proceedings, whether in the court of original jurisdiction or, in the event of any appeal by any party, in the court of final appellate jurisdiction.

Section 60 - Fit and proper requirements

- (1) Without limiting the generality of section 47 and for the purposes of paragraphs 55(1)(c) and 55(2)(b), the Bank may specify fit and proper requirements to be complied with by a chairman, director, chief executive officer or senior officer of an institution or a financial adviser's representative, which may include minimum criteria

relating to:-

- (a) probity, personal integrity and reputation;
 - (b) competency and capability; and
 - (c) financial integrity.
- (2) Where an issue arises as to whether a chairman, director, chief executive officer, senior officer or financial adviser's representative has complied with the fit and proper requirements as specified under subsection (1), the Bank shall have full discretion to determine the issue.

(B) CA

Section 2 - Interpretation

- (1) In CA, unless the context otherwise requires:-

"officer" in relation to a corporation includes:-

- (a) any director, secretary or employee of the corporation;
- (b) a receiver and manager of any part of the undertaking of the corporation appointed under a power contained in any instrument; and
- (c) any liquidator of a company appointed in a voluntary winding up,

but does not include:-

- (i) any receiver who is not also a manager;
- (ii) any receiver and manager appointed by the Court; or
- (iii) any liquidator appointed by the Court or by the creditors.

Section 197 - Persons connected with director

- (1) A person shall be deemed to be connected with a director if the person is:-

- (a) a member of the director's family;
- (b) a body corporate which is associated with that director;
- (c) a trustee of a trust, other than a trustee for an employee share scheme or pension scheme, under which that director or a member of the director's family is a beneficiary; or
- (d) a partner of that director or a partner of a person connected with that director.

- (2) For the purposes of this section:-

- (a) "a member of the director's family" means that director's spouse, parent, child, including adopted child and stepchild, brother, sister and the spouse of the director's child, brother or sister;
- (b) a body corporate is associated with a director if:-
 - (i) The body corporate is accustomed or is under an obligation, whether formal or informal, or the majority of directors of the body corporate is accustomed, to act in accordance with the directions, instructions or wishes of that director;
 - (ii) That director has a controlling interest in the body corporate; or
 - (iii) That director, or persons connected with that director, or that director and persons connected with him, are entitled to exercise, or control the exercise of,

not less than twenty per centum of the votes attached to voting shares in the body corporate.

Section 198 - Persons disqualified from being a director

- (1) A person shall not hold office as a director of a company or whether directly or indirectly be concerned with or takes part in the management of a company, if the person:-
 - (a) is an undischarged bankrupt;
 - (b) has been convicted of an offence relating to the promotion, formation or management of a corporation;
 - (c) has been convicted of an offence involving bribery, fraud or dishonesty;
 - (d) has been convicted of an offence under sections 213, 217, 218, 228 and 539; or
 - (e) has been disqualified by the Court under section 199.
- (2) The circumstances referred to in paragraphs (1)(a), (b), (c) and (d) shall be applicable to circumstances in or outside Malaysia.
- (3) Notwithstanding subsection (1), a person who has been disqualified under paragraph (1)(a) may be appointed or hold office as a director with the leave of:-
 - (a) the Official Receiver; or
 - (b) the Court provided that a notice of intention to apply for leave has been served on the Official Receiver and the Official Receiver is heard on the application.
- (4) Notwithstanding subsection (1), a person who has been disqualified under paragraph (1)(b), (c), (d) or (e) may be re-appointed or hold office as a director with the leave of the Court.
- (5) A person intending to apply for a leave of the Court under paragraph (3)(b) or subsection (4), shall:-
 - (a) give the Registrar a notice of not less than fourteen days of the person's intention to do so; and
 - (b) make the Registrar a party to the proceedings under subsection (3).
- (6) For the purposes of subsection (5), any person referred to in paragraph (1)(b), (c), (d) or (e) shall not be required to obtain a leave from Court after the expiry of five years calculated from the date he is convicted or if he is sentenced to imprisonment, from the date of his release from prison.
- (7) Any person who contravenes this section commits an offence and shall, on conviction, be liable to imprisonment for a term not exceeding five years or to a fine not exceeding one million ringgit or to both.

Section 199 - Power of Court to disqualify persons from acting as director or promoter

- (1) The Court may, on an application by the Registrar, make an order to disqualify any person from acting or holding office as a director or promoter of a company, or be concerned with or taking part in the management of a company whether directly or indirectly, if:-

- (a) within the last five years, the person has been a director of two or more companies which went into liquidation resulting from the company being insolvent due to his conduct as a director which contributed wholly or partly to the liquidation;
 - (b) due to his contravention of the duties of a director; or
 - (c) due to his habitual contravention of the CA.
- (2) An application arising from the circumstances referred to in paragraph (1)(a) may be made by the Official Receiver and the Registrar shall be made a party to the proceedings.
- (3) Before making an order under subsection (1), the Court may require any person:-
- (a) to furnish the Court with such information with respect to the company's affairs; and
 - (b) to produce and permit inspection of such books or documents relevant to the company.
- (4) After considering the application and the additional information and documents received under subsection (3), if any, the Court may make an order to disqualify the person from acting or holding office as a director or promoter of a company, or be concerned with or taking part in the management of a company whether directly or indirectly for such period not exceeding five years commencing from the date of the order.
- (5) The Registrar or the Official Receiver shall give notice of not less than fourteen days to the person referred to in subsection (1) notifying his intention to apply for an order under this section.

Section 206 - Removal of directors

- (1) A director may be removed before the expiration of the director's period of office as follows:-
- (a) subject to the constitution, in the case of a private company, by ordinary resolution; or
 - (b) in the case of a public company, in accordance with this section.
- (2) Notwithstanding anything in the constitution or any agreement between a public company and a director, the company may by ordinary resolution at a meeting remove the director before the expiration of the director's tenure of office.
- (3) Special notice is required of a resolution to remove a director under this section or to appoint another person instead of the director at the same meeting.
- (4) Notwithstanding paragraph (1)(b), if a director of a public company was appointed to represent the interests of any particular class of shareholders or debenture holders, the resolution to remove the director shall not take effect until the director's successor has been appointed.
- (5) A person appointed as director in place of a person removed under this shall be treated, for the purpose of determining the time at which he or any other director is to retire, as if he had become a director on the day on which the person in whose place he is appointed was last appointed a director.

Section 207 - Right to be heard for directors of public company against removal

- (1) On receipt of special notice for a resolution to remove a director under subsection 206(3), the company shall forthwith send to the director a copy of the special notice.
- (2) The director shall be given the right to make oral representation or written representation not exceeding a reasonable length on the resolution to remove him.
- (3) Where the director makes written representation and requests the written representation be notified to the members, the company shall, unless the representation is received too late for the company to do so:-
 - (a) state the fact of the representation having been made in the notice of the resolution given to members of the company; and
 - (b) send a copy of the representation to every member of the company to whom the notice of the meeting is sent.
- (4) If a copy of the representation is not sent as required under subsection (3) due to the representations received too late by the company or due to the default of the company, the director may, without prejudice to his right to be heard orally, require that the representations shall be read out at the meeting.
- (5) Copies of the representations need not be sent out and the representations need not be read out at the meeting if, on the application either of the company or of any other person who claims to be aggrieved, the Court is satisfied that the rights conferred by this section are being abused.
- (6) The Court may order the company's costs on an application under subsection (5) to be paid in whole or in part by the director, notwithstanding that he is not a party to the application.
- (7) The constitution of a private company may provide the rights accorded under this section to its directors.

Section 210 - Interpretation

For the purposes of the Subdivision 3 (Directors' Duties and Responsibilities) of the CA, in sections 213, 214, 215, 216, 217, 218, 223 and 228, in addition to the definition of "director" in section 2, "director" includes chief executive officer, chief financial officer, chief operating officer or any other person primarily responsible for the management of the company.

Section 213 - Duties and responsibilities of directors

- (1) A director of a company shall at all times exercise his powers in accordance with the CA, for a proper purpose and in good faith in the best interest of the company.
- (2) A director of a company shall exercise reasonable care, skill and diligence with:-
 - (a) the knowledge, skill and experience which may reasonably be expected of a director having the same responsibilities; and

- (b) any additional knowledge, skill and experience which the director in fact has.
- (3) A director who contravenes this section commits an offence and shall, on conviction, be liable to imprisonment for a term not exceeding five years or to a fine not exceeding three million ringgit or to both.

Section 214 - Business judgment rule

- (1) A director who makes a business judgment is deemed to meet the requirements of the duty under subsection 231(2) and the equivalent duties under the common law and in equity if the director:-
 - (a) makes the business judgment for a proper purpose and in good faith;
 - (b) does not have a material personal interest in the subject matter of the business judgment;
 - (c) is informed about the subject matter of the business judgment to the extent the director reasonably believes to be appropriate under the circumstances; and
 - (d) reasonably believes that the business judgment is in the best interest of the company.
- (2) For the purposes of this section, "business judgment" means any decision on whether or not to take action in respect of a matter relevant to the business of the company.

Section 215 - Reliance on information provided by others

- (1) A director in exercising his duties as a director may rely on information, professional or expert advice, opinions, reports or statements including financial statements and other financial data, prepared, presented or made by:-
 - (a) any officer of the company whom the director believes on reasonable grounds to be reliable and competent in relation to matters concerned;
 - (b) as to matters involving skills or expertise, any other person retained by the company in relation to matters that the director believes on reasonable grounds to be within the person's professional or expert competence;
 - (c) another director in relation to matters within the director's authority; or
 - (d) any committee to the board of directors on which the director did not serve in relation to matters within the committee's authority.
- (2) The director's reliance made under subsection (1) is deemed to be made on reasonable grounds if it was made:-
 - (a) in good faith; and
 - (b) after making an independent assessment of the information or advice, opinions, reports or statements, including financial statements and other financial data, having regard to the director's knowledge of the company and the complexity of the structure and operation of the company.

Section 216 - Responsibility for actions of delegate

- (1) Except as is otherwise provided by the CA, the constitution of the company or any resolution of the board of directors or members of the company, the directors may delegate any power of the board of directors to any committee to the board, director, officer, employee, expert or any other person.

- (2) Where the directors have delegated any power, the directors are responsible for the exercise of power by the delegatee as if the power had been exercised by the directors themselves.
- (3) The directors are not responsible under subsection (2) if:-
 - (a) the directors believed on reasonable grounds at all times that the delegatee would exercise the power in conformity with the duties imposed on the directors under the CA and the constitution of the company, if any; and
 - (b) the directors believed on reasonable grounds, in good faith and after making a proper inquiry, if the circumstances indicated the need for the injury, that the delegate was reliable and competent in relation to the power delegated.

Section 217 - Responsibility of a nominee director

- (1) A director, who was appointed by virtue of his position as an employee of a company, or who was appointed by or as a representative of a shareholder, employer or debenture holder, shall act in the best interest of the company and in the event of any conflict between his duty to act in the best interest of the company and his duty to his nominator, he shall not subordinate his duty to act in the best interest of the company to his duty to his nominator.
- (2) A director who contravenes this section commits an offence and shall, on conviction, be liable to imprisonment for a term not exceeding five years or a fine not exceeding three million ringgit or to both.

Section 218 - Prohibition against improper use of company's property, position, etc

- (1) A director or officer of a company shall not, without the consent or ratification of a general meeting:-
 - (a) use the property of the company;
 - (b) use any information acquired by virtue of his position as a director or officer of the company;
 - (c) use his position as such director or officer;
 - (d) use any opportunity of the company which he became aware of, in the performance of his functions as the director or officer of the company; or
 - (e) engage in business which is in competition with the company,

to gain directly or indirectly, a benefit for himself or any other person, or cause detriment to the company.
- (2) Any person who contravenes this section commits an offence and shall, on conviction, be liable to imprisonment for a term not exceeding five years or a fine not exceeding three million ringgit or to both.

Section 228 – Transactions with directors, substantial shareholders or connected persons

- (1) Subject to subsection (2) and section 229, a company shall not enter or carry into effect any arrangement or transaction where a director or a substantial shareholder of the company or its holding company, or its subsidiary, or a person connected with a director or substantial shareholder:-

- (a) acquires or is to acquire shares or non-cash assets of the requisite value, from the company; or
 - (b) disposes of or is to dispose of shares or non-cash assets of the requisite value, to the company,
- unless:-
- (A) the entering into the arrangement or transaction is made subject the approval of shareholders at a general meeting; or
 - (B) the carrying into effect of the arrangement or transaction has been approved by shareholders at a general meeting.
- (2) An arrangement or transaction which is carried into effect in contravention of subsection (1) shall be void unless there is prior approval of the arrangement or transaction:-
- (a) By a resolution of the company; or
 - (b) By a resolution of the holding company, if the arrangement or transaction is in favour of a director or substantial shareholder of its holding company or person connected with such director or such substantial shareholder.
- (3) For the purposes of subsection (1), in the case of an unlisted subsidiary whose holding company is a listed company, the director of such holding company shall procure the shareholders' approval of the holding company in a general meeting for the arrangement or transaction by the unlisted subsidiary in addition to the shareholders' approval of the unlisted subsidiary in a general meeting procured by the directors of the unlisted subsidiary.
- (4) In the case of a public company or its holding company or its subsidiary, the director or substantial shareholder or person connected with the director or substantial shareholder who is interested in the arrangement or transaction referred to in paragraph (1)(a) or (b) shall abstain from voting on the resolution at the general meeting to consider the arrangement or transaction referred to in subsection (2).
- (5) Where an arrangement or transaction is entered or carried into effect by a company in contravention of subsections (1) and (2), the director, substantial shareholder or person connected with a director or substantial shareholder and any director who knowingly authorised the arrangement or transaction shall, in addition to any other liability be liable:-
- (a) To account to the company for any gain which he has made directly or indirectly by the arrangement or transaction; and
 - (b) Jointly and severally with any person liable under this subsection, to indemnify the company for any loss or damage resulting from the arrangement or transaction.
- (6) The Court may, on the application of any member or director of the company, restrain the company from entering or carrying into effect an arrangement or transaction in contravention of subsection (1).
- (7) A director or substantial shareholder of a company or its holding company, or its subsidiary or a person connected with such director or substantial shareholder, in whose favour the company carries into effect an arrangement or transaction and who knows that such arrangement or transaction is carried into effect by a company in contravention of this section, or a director who knowingly authorised the company to carry into effect such arrangement or transaction, in contravention of this section, commit an offence and

shall, on conviction, be liable to imprisonment for a term not exceeding five years or to a fine not exceeding three million ringgit or to both.

(8) For the purposes of subsection (1):-

- (a) "person connected with a substantial shareholder" has the same meaning assigned to a "person connected with a director" in section 197 save that all references therein to a director shall be read as a reference to a substantial shareholder;
- (b) "requisite value", in the case of a company where all or any of its shares are quoted on the stock exchange or its subsidiary, shall be the same value as the value prescribed in the listing requirements of the stock exchange where approval of the shareholders at a general meeting is required;
- (c) In the case of any company there than a company to which paragraph (b) applies, non-cash asset is of the requisite value if, at the time of the transaction, its value exceed two hundred and fifty thousand ringgit but exceeds ten per centum of the company's net asset value provided it is not less than fifty thousand ringgit, where:-
 - (i) the value of the company's assets is determined by reference to the accounts prepared under section 245 in respect of the last financial year prior to the arrangement or transaction; or
 - (ii) no accounts have been so prepared and laid before that time, the amount of the company's called up share capital.

(9) In this section:-

- (a) a reference to the acquisition or disposal of a non-cash asset includes the creation or extinction of an estate or interests in, or a right over, an property and also the discharge of any person's liability, other than liability for a liquidated sum;
- (b) "cash" includes foreign currency; and
- (c) "non-cash asset" means any property or interest in property other than cash.

Section 229 – Exception to section 228

Section 228 shall not apply to an arrangement or transaction for the acquisition or disposal of a non-cash asset entered into:-

- (a) by a company:-
 - (i) and any of its wholly-owned subsidiaries;
 - (ii) and its holding company which holds all the issued shares of the company; or
 - (iii) which is a wholly-owned subsidiary of a holding company and another wholly-owned subsidiary company of that same holding company;
- (b) by a company which is being wound up, unless the winding up is a members' voluntary winding up;
- (c) by a company which is an acquisition or disposal of an asset in the ordinary course of business of the company and is on terms not more favourable than those generally available to the public or employees of the company;
- (d) by a company if such arrangement or transaction does not involve transfer of cash or property and which shall have no effect unless approved at a general meeting or by a relevant authority;
- (e) by a company made in accordance with a scheme of arrangement approved by the Court under section 366; or
- (f) by a company in connection with a takeover offer made in accordance with the relevant law applicable to such offers.

Section 231 – Directors’ service contracts

- (1) For the purposes of this Division, a director’s “service contract” in relation to a public company means a contract under which:-
- (a) a director of the company undertakes personally to perform services, as a director or otherwise for the public company or for a subsidiary of the public company; or
 - (b) services that a director of the public company undertakes personally to perform as director or otherwise are made available by a third party to the public company, or to a subsidiary of the public company.
- (2) The provisions of this Division relating to directors’ service contracts shall:-
- (a) be applicable to the terms of a person’s appointment as a directors of a public company; or
 - (b) not be restricted to contracts for the performance of services outside the scope of the ordinary duties of a director.

Section 235 - Requirement for a secretary

- (1) A company shall have at least one secretary who shall be:-
- (a) a natural person;
 - (b) eighteen years of age and above; and
 - (c) a citizen or permanent resident of Malaysia,
- who shall ordinarily reside in Malaysia by having a principal place of residence in Malaysia
- (2) A secretary shall be:-
- (a) a member of a body as set out in the Fourth Schedule; or
 - (b) a person licensed by the Companies Commission of Malaysia under section 20G of the Companies Commission of Malaysia Act 2001.
- (3) For the purposes of paragraph (2)(a), the Minister may prescribe any professional body or any other body by notification in the *Gazette* and may impose any terms and conditions as he thinks fit.
- (4) The company and every director who contravene this section commit an offence.

Section 238 – Disqualification to act as a secretary

- (1) A person shall be disqualified to act as a secretary if:-
- (a) he is an undischarged bankrupt;
 - (b) he is convicted whether in or outside Malaysia of any offence referred to in section 198; or
 - (c) he ceases to be a holder of a practicing certificate issued by the Registrar under section 241.

- (2) Notwithstanding subsection (1), the Registrar is of the opinion that a person has failed to act honestly or use reasonable diligence in the discharge of his duties as a secretary, the Registrar may require the person to show cause why his practicing certificate should not be revoked or why he should not be disqualified from acting as a secretary of a company.
- (3) If a person continues to act as a secretary for a company after the person is disqualified under this section without leave of the Court, the secretary and every director who knowingly permits the person to act in that capacity commit an offence.

Section 241 – Requirement to register with Registrar

- (1) Any person who is qualified to act as a secretary and who desires to act as a secretary shall be registered under this section before he can act as a secretary.
- (2) The Registrar shall cause a register of secretaries to be kept and shall cause to be entered in the register in relation to a secretary:-
 - (a) the name of the secretary;
 - (b) the residential address and business address of the secretary;
 - (c) the details of the qualifications referred to in subsection 235(2); and
 - (d) such other information as the Registrar may require.
- (3) The Registrar, before registering such person, may:-
 - (a) require him to produce any evidence to his satisfaction of the qualification as stated under subsection 235(2); or
 - (b) impose any other conditions that he deems fit.
- (4) If the requirements under subsection (3) are satisfied, the Registrar shall:-
 - (a) enter the particulars in the register of secretaries; and
 - (b) issue a practicing certificate in such form as the Registrar may determine.
- (5) On or after the commencement of the CA, a person who is a secretary of a company and who is not registered under subsection (1) may continue to act as a secretary to the company for a period of not more than twelve months or any longer period as the Registrar may allow.
- (6) After the expiry of the period referred to in subsection (5), a person who fails to comply with the requirement to register shall be deemed to have not been registered under this section.
- (7) The Minister shall have the power to make regulations or any matters relating to any practicing certificate issued under this section.
- (8) Any person who contravenes subsection (2) commits an offence.

Section 245 – Accounts to be kept

- (1) A company, the directors and managers of a company shall:-
 - (a) cause to be kept the accounting and other records to sufficiently explain the transactions and financial position of the company and enable true and fair profit

- and loss accounts and balance sheets and any documents required to be attached thereto to be prepared; and
- (b) cause the accounting and other records to be kept in a manner as to enable the accounting and other records to be conveniently and properly audited.
- (2) A company, the directors and managers of a company shall cause appropriate entries to be made in the accounting and other records within sixty days of the completion of the transactions to which the entries relate.
- (3) The company shall retain the records referred to in subsection (1) for seven years after the completion of the transactions or operations to which the entries relate.
- (4) The records referred to in subsection (1) shall be kept at the registered office of the company or at such other place as the directors think fit, and shall at all times be open for inspection by the directors.
- (5) Notwithstanding subsection (4), the accounting and other records of operations outside Malaysia may be kept by the company at a place other Malaysia provided that such accounting and other records shall be sent to and kept at a place in Malaysia and be made available for inspection by the directors at all times.
- (6) The accounting and other records referred to in subsection (5) shall include such statements and returns with respect to the business dealt with in the records so kept as to enable the preparation of true and fair financial statements and any documents required to be attached to the financial statements.
- (7) If any accounting and other records are kept at a place outside Malaysia under subsection (4) or (5), the Registrar may require the company to produce those records at a place in Malaysia or determine the type and manner of the records to be kept in Malaysia.
- (8) The Court may, in any particular case, order that the accounting and other records of a company be open to inspection by an approved company auditor acting for a director, subject to a written undertaking given to the Court that information acquired by the auditor during his inspection shall not be disclosed by him except to that director.
- (9) The company and every officer who contravene this section commit an offence and shall, on conviction, be liable to a fine not exceeding five hundred thousand ringgit or to imprisonment for a term not exceeding three years or to both.

Section 539 – Liability where proper accounts not kept

- (1) If, on an investigation under any other Part or where a company is wound up, it is shown that proper books of account were not kept by the company throughout the period of two years immediately preceding the commencement of the investigation or the winding up or the period between the incorporation of the company and the commencement of the investigation or winding up, whichever is the lesser, every officer, commits an offence and shall, on conviction, be liable to imprisonment for a term not exceeding three years or to a fine not exceeding five hundred thousand ringgit or to both.
- (2) For the purposes of this section, proper books or accounts shall be deemed not to have been kept in the case of any company if:-

- (a) the books or accounts have not been kept as are necessary to exhibit and explain the transactions and financial position of the trade or business of the company, including books containing entries from day to day in sufficient detail of all cash received and cash paid, and, where the trade or business has involved dealings in goods, statements of the annual stock takings and, except in the case of goods sold by way of ordinary retail trade, of all goods sold and purchased, showing the goods and the buyers and sellers of the goods in sufficient detail to enable those goods and those buyers and sellers to be identified; or
 - (b) the books or accounts have not been kept in such manner as to enable the books or accounts to be conveniently and properly audited, whether or not the company has appointed an auditor.
- (3) If in the course of winding up of a company or in any proceedings against a company, an officer of the company who knowingly was a party to the contracting of a debt had, at the time the debt was contracted, no reasonable or probable ground of expectation, after taking into consideration the other liabilities, if any, of the company at the time, of the company being able to pay the debt, commits an offence and shall, on conviction, be liable to imprisonment for a term not exceeding five years or to a fine not exceeding five hundred thousand ringgit or to both.

(C) CAPITAL MARKETS AND SERVICES ACT 2007 ("CMSA")

Section 185 - Material effect on price or value of securities

For the purposes of Subdivision 2 (insider trading), an information that on becoming generally available would or would tend to have a material effect on the price or value of securities, refers to such information which would or would tend to, on becoming generally available, influence reasonable persons who invest in securities in deciding whether or not to acquire or dispose of such securities, or enter into an agreement with a view to acquire or dispose of such securities.

Bank Negara Malaysia's Policy Document on Corporate Governance

Paragraph 11.7 – Independent Director

The board must determine whether an individual to be appointed as an independent director is independent in character and judgement, and free from associations or circumstances that may impair the exercise of his independent judgement. An individual must not be considered to be an independent director if he or any person linked to him:-

- (a) has been an executive in the last two years;
- (b) is a substantial shareholder of the financial institution or any of its affiliates; or
- (c) has had a significant business or other contractual relationship with the financial institution or any of its affiliates within the last two years.

Main Market Listing Requirements of Bursa Malaysia Securities Berhad

Independent director means a director who is independent of management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of an applicant or a listed issuer. Without limiting the generality of the foregoing, an independent director is one who:-

- (a) is not an executive director of the applicant, listed issuer or any related corporation of such applicant or listed issuer (each corporation is referred to as "said Corporation");
- (b) has not been within the last 2 years and is not an officer (except as a non-executive director) of the said Corporation. For this purpose, "officer" has the meaning given in section 2 of the CA;
- (c) is not a major shareholder the said Corporation;
- (d) is not a family member of any executive director, officer or major shareholder of the said Corporation;
- (e) is not acting as a nominee or representative of any executive director or major shareholder of the said Corporation;
- (f) has not been engaged as an adviser by the said Corporation under such circumstances as prescribed by the Exchange or is not presently a partner, director (except as an independent director) or major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to the said Corporation under such circumstances as prescribed by the Exchange; or
- (g) has not engaged in any transaction with the said Corporation under such circumstances as prescribed by the Exchange or is not presently a partner, director or major shareholder, as the case may be, of a firm or corporation (other than subsidiaries of the applicant or listed issuer) which has engaged in any transaction with the said Corporation under such circumstances as prescribed by the Exchange.

[Crossreference: Practice Note 13]

Practice Note 13

I. INDEPENDENCE OF DIRECTORS

2.0 General

2.1 Directors must give effect to the spirit, intention and purpose of the said definition. If a person does not fall within any of paragraphs (a) to (g) of the said definition, it does not mean that the person will automatically qualify to be an independent director. The director concerned as well as the board of directors of the applicant or listed issuer must still apply the test of whether the said director is able to exercise independent judgment and act in the best interests of the applicant or listed issuer as set out in the said definition.

2.2 Paragraphs 3.0 to 5.0 of this Practice Note must be read in conjunction with the said definition.

3.0 Paragraph (e)

3.1 "**Nominee**" as used in paragraph (e) means a person who has been designated to act for another in his or her place. It denotes a person who is accustomed, or is under an obligation, whether formal or informal to act in accordance with the directions, instructions or wishes of another person.

3.2 A nominee or representative of major shareholders who fulfils all requirements of the definition of "independent director" except for the said paragraph (e), may nevertheless be considered as an "independent director" if –

- (a) the major shareholder's aggregate shareholding in the said Corporation, directly or indirectly, is not more than 15% of the issued and paid-up capital (excluding treasury

- shares) of the said Corporation;
- (b) the major shareholder is not deemed to be a promoter of the said Corporation; and
- (c) the major shareholder is either –
 - (i) a statutory institution who is managing funds belonging to the general public; or
 - (ii) an entity established as a collective investment scheme, such as closed-end funds, unit trusts or investment funds (but excluding investment holding companies).

4.0 Paragraph (f)

4.1 In relation to paragraph (f), a person who is proposed to be or is an independent director (“**said Director**”) is disqualified from being an independent director if he –

- (a) had personally provided professional advisory services to the said Corporation within the last 2 years; or
- (b) is presently a partner, director (except as an independent director) or major shareholder, of a firm or corporation (“**Entity**”) which has provided professional advisory services to the said Corporation within the last 2 years, and the consideration in aggregate is more than 5% of the gross revenue on a consolidated basis (where applicable) of the said Director or the Entity or RM1 million, whichever is the higher.

4.2 For the purposes of paragraph 4.1 above, the following applies:

- (a) where the Entity is a corporation, the computation of the gross revenue of the Entity must be based on its annual audited financial statements for the last 2 financial years; and
- (b) where the service is rendered by the said Director personally or by an Entity other than a corporation, the computation of the gross revenue must be based on the income tax returns of the said Director or the Entity, as the case may be, submitted to the Inland Revenue Board for the last 2 years.

5.0 Paragraph (g)

5.1 In relation to paragraph (g), the said Director is disqualified from being an independent director if he –

- (a) had engaged personally in transactions with the said Corporation (other than for board service as a non-executive director) within the last 2 years; or
- (b) is presently a partner, director, a major shareholder, of an Entity (other than subsidiaries of the applicant or listed issuer) which has engaged in transactions with the said Corporation within the last 2 years, and the consideration in aggregate exceeds 5% of the gross revenue on a consolidated basis (where applicable) of the said Director or the Entity or RM1 million, whichever is the higher.

5.2 However, “**transactions**” in paragraph 5.1 above excludes transactions:-

- (a) on normal commercial terms entered into between the said Corporation and the said Director or between the said Corporation and an Entity where the said Director is also a director, major shareholder or partner –
 - (i) for personal use of the said Director; or
 - (ii) for personal investment of the said Director but not for the purpose of carrying on a trade or business;

- (b) on normal commercial terms entered into between the said Corporation and an Entity where the said Director is also a director (and not a major shareholder) but is not involved in the said transactions;
- (c) for the following goods and services, provided that they are sold or rendered based on a non-negotiable fixed price or rate, which is published or publicly quoted and the material terms including the prices or charges are applied consistently to all customers or classes of customers:-
 - (i) provision or usage of public utility services such as water, electricity and telecommunications and data, postal or courier services, services by licensed institutions as defined under the Banking and Financial Institutions Act 1989 (other than professional advisory services which are subject to paragraph 4.1 above), insurance, unit trusts, stockbroking services, public transport, education, medical services, provision or usage of tolled highways, hotel facilities and recreational services, provision or consumption of fuel on retail or food and beverage at eateries, provision or purchase of goods at retail outlets such as supermarkets, hypermarkets or departmental stores; and
 - (ii) such other types of goods or services that may be prescribed by the Exchange from time to time.

5.3 For the purposes of paragraph 5.1 above, the following applies:-

- (a) where the Entity is a corporation, the computation of the gross revenue of the Entity must be based on its annual audited financial statements for the last 2 financial years; and
- (b) where the transaction is entered into by the said Director personally or by an Entity other than a corporation, the computation of the gross revenue must be based on the income tax returns of the said Director or the Entity, as the case may be, submitted to the Inland Revenue Board for the last 2 years.

Allianz Group

Code of Conduct

Code of Conduct for Business Ethics and Compliance

Group Compliance



Preamble

Allianz Group is based upon the trust which our clients, shareholders, employees and public opinion have in the performance and integrity of Allianz Group.

Such trust depends essentially on the personal conduct and capability of our employees, managers and executive board members ("Employees") and their desire to jointly create value for our customers, shareholders as well as for Allianz Group.

Expressed by our participation in the UN Global Compact and our respect of the OECD Guidelines¹ for Multinational Corporations we integrate sustainability and corporate responsibility into our business. UN Global Compact is initiative of UN secretary general Kofi Annan and major international corporates to respect human rights (see annex).

This Code of Conduct for Business Ethics and Compliance reflects such principles. They represent minimum standards for all employees with the view to prevent situations which might question our integrity.

1. Principle: Fair and Regulatory Conduct of Business

(1) Employees must comply with all laws, rules and regulations of the countries in which Allianz Group operates as applicable at their workplace as well as with the internal directives and policies communicated to them.

(2) In their workplace, they must conduct themselves with honesty, fairness, dignity and integrity and should avoid any conflict between private and business interests. Beyond that they should take care that they conduct themselves in their private life in a manner that does not bring Allianz Group into disrepute.

2. Non-Discrimination/Feedback learning Culture/Professional Development based upon Performance and Potential

Allianz Group does not tolerate discrimination or harassment in the workplace based on criteria such as age, disability, ethnic origin, gender, race, political attitude or workers' representative activities, religion or sexual orientation. Allianz fosters a learning culture in which feedback from all stakeholders is encouraged and appreciated. The main criteria for professional development are performance and potential of employees.

¹ The OECD Guidelines contain company directed basic business ethics principles for corporates operating on a global level.

3. Confidential Information, Protection of Client Data/Information, Information requests by Public Authorities

(1) The safeguarding of client related data, in particular strict maintenance of the banking and insurance secrecy, and compliance with applicable Data Protection legislation are important foundations for the trust of our clients.

(2) Confidential and share price sensitive information and records of the Company be it of private or corporate clients or with regard to the affairs of Allianz Group or its employees must be kept secret in a suitable manner from colleagues who do not require such data to properly perform their tasks. This applies equally to third parties.

(3) If someone without clear authority consistently tries to obtain confidential information, the involved employees must notify local Corporate Security and/or the Compliance function representative (“Compliance”).

(4) The Allianz Group cooperates with all competent public and regulatory authorities. Relevant communication must be conducted only by duly authorized departments.

4. No Insider Trading or Recommendation

Confidential, price sensitive information may only be acted on or passed on if the transfer of information is necessary for legitimate business reasons (“Need to know-Principle”). Anyone who has such information may not recommend or initiate transactions – with respect to any securities or other financial instruments – the price of which may be affected by such information. Compliance has to be informed immediately. This even applies if the employee knows or has reason to believe that Compliance has already been informed hereof by other employees.

5. Communication, Professional Independence of Journalists and Media

(1) All communications of Allianz Group are required to be full, fair, accurate, timely and understandable.

(2) Allianz Group respects the professional independence of journalists and media. Allianz Group therefore does not pay for editorial content.

(3) The dissemination of information to the public concerning Allianz Group is to be handled by authorized spokespersons only. If an employee appears in public or takes part in public discussion in a manner, he might be considered as representative of Allianz without being authorized to do so, then he should make clear that he acts as private person.

6. Customer Information and Advice

(1) Employees of Allianz Group must not either by their action or statements seek to mislead the market or clients.

(2) When establishing a customer relationship or providing financial services to a client, appropriate care shall be taken that the customer receives information which is necessary for a reasonable decision by the customer be it as part of the product information or be it through the advising intermediary or producer.

(3) Which information or advice are necessary depends on the service, the product and the expertise of the categories of clients involved, as well as the applicable market standard. The same applies to whether and which information must be asked from the client as requirement for advice.

7. Potential Conflicts of Interest with Clients and Business Partners

Allianz Group gives a high priority to the interests of customers. Conflicts of interest can cast doubt on the integrity and professionalism of Allianz Group. Potential conflicts of interests must be identified at the earliest reasonable opportunity. If they cannot be avoided, any conflict situation must be handled fairly.

8. Complaints Management

The Allianz Group must deal with complaints from all customers or former customers promptly and fairly and in accordance with applicable laws and regulations.

9. Financial Reporting

The Allianz Group is dedicated to full, fair, accurate, timely and understandable financial statements, public reports and communications. This must be ensured by all who are responsible for the Group's and/or its entity's finance, control and accounting functions (Financial Professional). Each Financial Professional is subject to and in dependence of its specific professional role within Allianz Group responsible for establishing and maintaining effective disclosure controls and procedures and internal controls and procedures for financial reporting.

10. No Corruption or Bribery

Allianz Group does not tolerate any form of corruption or bribery.

Irrespective hereof, situations may arise which do not constitute corruption or bribery but may allow the judgement of our employees, customers and business partners to be compromised. Subsequent paragraphs 11 to 14 contain rules of conduct which shall help to avoid such situations.

11. Acceptance of Gifts and other Benefits

(1) Gifts and donations by business partners are, to a certain extent, in line with usual business practices. They may, however, contain a conflict of interest potential and a threat to Allianz reputation.

(2) The acceptance of gifts and benefits is generally prohibited, if the interests of Allianz Group are affected or the professional independence of the employees may be jeopardized, be it real or be it apparent.

(3) The acceptance of gifts and other benefits is permitted if the following conditions are met:

- The value of gifts does not exceed an assessment level of 40 Euros within European Union. Such level is in other regions adjusted to local standards. In case of doubt Compliance should be involved.
- Gifts exceeding this amount which cannot be rejected in the interest of the business relationship should be donated to charity organizations.
- Invitations to business lunches or dinners may generally be accepted.

(4) For invitations to events without a prevailing business character, as e.g. concert, theater, sport events, other evening occasions and similar events, including seminars and conferences (entertainment) the following rules must be observed:

- Generally every employee must check whether his participation in such an event is in line with common business practice.
- That normally means that the host is present, the participation is not frequently repeated, and the cost of travel or accommodation is not borne by the inviting party.
- In case of doubt, Compliance should be involved. In all cases, the line manager must be informed.

(5) Gifts and benefits received by employees may be subject to personal income taxation. Therefore, care should be taken that the handling of gifts and benefits within a Group company is in line with the applicable tax laws and fiscal administrative practices. If gifts and benefits are subject to personal income tax, it may be advisable to immediately pass such gifts on to charity organizations to avoid a tax liability.

12. Granting of Gifts and other Benefits/ Invitations to Entertainment

(1) The granting of gifts and other benefits or invitations to events without prevailing business character (entertainment) are to a certain extent in line with usual business practices and a legitimate means to establish as well as to maintain a business relationship. However, such activities may contain an implicit conflict of interest potential and a threat to the professional independence of our business counterpart. Therefore, particular care should be taken to avoid even the appearance of any conflict of interest or any potential negative impact on the Group reputation.

(2) Therefore, the following rules must be respected:

- No benefit should be given or invitation to entertainment made with the intention to obtain improper business advantages or one must be concerned of the appearance of any such intention or conflict of interest.
- No benefit or invitation to entertainment should be in conflict with the business ethics and compliance rules and standards of the recipient and/or invitee or local business standards. Before making any such gift or invitation for entertainment, each employee must make himself fully aware of such standards and rules.
- Any granting of benefits must be fully transparent. This means that
 - i. any invitation shall be directed and any gifts delivered only to the business address of the counterpart;
 - ii. any invitation for entertainment beyond a normal business lunch and any granting of gifts exceeding the assessment level of 40 Euros have to be disclosed to the line manager.

(3) In case of doubt, Compliance should be involved. This applies in particular for the assessment whether fees for speeches, publications or services delivered and the pertaining reimbursement of costs are appropriate or not.

13. Gratuities to Representatives of Public Institutions

Holders of public offices, representatives of public institutions, members of public services or authorities and politicians are mandated with the pursuit of public welfare. They should therefore not receive gifts, invitations or other gratuities which might put their independence from business interests into question.

- Representatives of public institutions as well as members of public services should never receive gifts or other gratuities, which are directed to them personally, be it directly or indirectly.
- This is not the case with gifts or invitations which reflect the proper respect of the public office or political role. Any such gift or invitation shall be made only by or on behalf of a chief executive officer or a member of management board.

In case of doubt, prior approval of Compliance must be obtained.

14. Political and Charitable Contributions/ Sponsorship

Charitable contributions as well as sponsorship payments must remain within the framework of the respective legal system and the current corporate policy. Political contributions and contributions to political parties have to be decided and disclosed by the respective Operative Entities' (OE) board of management.

15. Potential Conflicts between Private Interests of Employees and Allianz Group/OE Interests

(1) Additional employment or professional consultants activities must not interfere with the interests of Allianz Group.

(2) The acceptance of special positions/mandates with other business enterprises outside the Allianz Group (i.e. board of directors, advisory board, advisor) requires prior approval by the respective company. In addition Compliance has to be informed.

(3) If an employee intends to establish or has entered into a substantial financial participation or economic interest in a company which could lead to a conflict of interest, this must be disclosed to Compliance. A relevant conflict of interest within the meaning of sentence (1) exists, in particular, if this financial participation lies within the professional responsibility of the employee. If an employee knows that their closely related persons (such as spouses, registered partners, children entitled to maintenance and other relatives living in the same household with the employee for at least one year) enter or have entered into such financial participation, this employee should work towards its disclosure to Compliance.

(4) In case an employee receives payments or other benefits for public appearance, lectures or publications in context with their workplace, this has to be disclosed to the employee's line manager.

(5) In case of a reputational risk or a potential conflict of interest, the employee and/or the line manager has/have to inform Compliance, so that Compliance can advise accordingly.

16. Licenses and Registration

Employees and business partners must obtain the appropriate individual registrations and licenses from the relevant regulatory bodies prior to conducting any form of business in connection with Allianz. In some countries, such registration and licence requirements may also exist if a service is offered into the country from abroad.

17. Acceptance and Handling of Client's Funds and Valuables

Employees may accept valuables or funds from clients in the course of their business only if so explicitly permitted under applicable internal directives. Acceptance and handling of funds and valuables must be in line with applicable internal regulations.

18. Protection of Group Property and of Natural Resources

(1) The property and installations, business documents, work tools and other valuable material and intellectual property of Allianz Group may neither be misused for personal purposes nor provided to third parties to the extent that this would negatively affect the interests of Allianz Group.

(2) In the course of their work, employees must strive to safeguard the natural resources and to ensure that the potential negative impact of internal operations on the environment is reduced as far as possible through resource saving and energy efficient planning, construction and operation of buildings and, by avoidance, reduction and recycling of waste materials. Every employee should take economic as well as ecological and social criteria into consideration when procuring suppliers, advertising material and external services.

19. Prevention of Money Laundering and Financing of Terrorism, no Illegal Activities

(1) Allianz Group does not want to be misused for any kind of illegal activities, be it through clients, third parties, sales agents, business contractors or through its own employees and shall take appropriate measures to protect against such misuse.

(2) Allianz Group is fully committed to the international fight against money laundering and the financing of terrorism and applies a risk-based “know-your-customer” policy in line with applicable laws and regulations.

(3) Employees must neither be engaged in nor tolerate any illegal activity in connection with Allianz Group in their workplace. This applies in particular to any infringement of anti-trust regulations and any support of tax evasion, including but not limited to, any kind of complicity in tax fraud, be it in the country of the employee’s OE or be it in other countries in which the Group is active.

20. Ethical Conduct of Business – a Personal Challenge and the Result of Joint Efforts

(1) The goals of this Code can only be achieved with the contribution of all. It is everyone’s personal responsibility to adhere to this Code of Conduct. Each manager is obliged to take continuous care that all employees reporting to such managers are responsible for living up to this challenge.

(2) All employees are encouraged to contact Compliance or their line manager when detecting that someone has done something improperly. This can help to prevent small problems leading to big problems. We hereby also count on the support of workers’ representatives in Allianz Group companies.

21. Consequences of Non-Compliance

Failure to comply can expose the employee, his colleagues and Allianz Group to reputational as well as legal and regulatory sanctions. Disciplinary proceedings by a regulatory body in the case of severe compliance misconduct may result in a reprimand, fine, withdrawal or suspension of authorization to conduct business either for entire units of the Group or employees. In addition, failure to comply, which constitutes a breach of employees’ contractual obligations, may result in disciplinary actions by Allianz Group.

22. Protection of Employees in Case of Communication about Illegal or Questionable Activities

If an employee becomes aware of any illegal or questionable activity in Allianz Group, he shall either inform Compliance or any competent department (e.g. Internal Audit). No employee who communicates bona-fide a concern, shall be exposed to retaliation based on this communication even if the concern eventually proves to be unfounded. Such communications may be made anonymously (cfr quickfinder “Whistleblowing” in the Group Intranet).

Annex: The Global Compact's Ten Principle

Human Rights	Business is asked to:	<ol style="list-style-type: none"> 1. Support and respect the protection of international human rights within their sphere of influence; and 2. Make sure their own corporations are not complicit in human rights abuses.
Labour	Business is asked to uphold:	<ol style="list-style-type: none"> 3. Freedom of association and the effective recognition of the right to collective bargaining; 4. The elimination of all forms of forced and compulsory labour; 5. The effective abolition of child labour; and 6. The elimination of discrimination in respect of employment and occupation.
Environment	Business is asked to:	<ol style="list-style-type: none"> 7. Support a precautionary approach to environmental challenges; 8. Undertake initiatives to promote greater environmental responsibility; and 9. Encourage the development and diffusion of environmentally friendly technologies.
Anti-corruption	Businesses should:	<ol style="list-style-type: none"> 10. Work against corruption in all its forms, including extortion and bribery.

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**ALLIANZ MALAYSIA BERHAD GROUP OF
COMPANIES**

**FIT AND PROPER POLICY AND PROCEDURE
FOR KEY RESPONSIBLE PERSONS**

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1.0 OBJECTIVE

The expectations on the suitability of key responsible persons and the company secretary are an extension of the corporate governance framework and are aimed at ensuring that these persons have the integrity and competence required to perform their roles.

- 1.1** Section 60 of the Financial Services Act 2013 (“FSA”) provides that without limiting the generality of section 47 and for the purposes of paragraphs 55(1)(c) and 55(2)(b), Bank Negara Malaysia (“BNM”) may specify fit and proper requirements to be complied with by a chairman, director, chief executive officer or senior officer of an institution or a financial adviser’s representative, which may include minimum criteria relating to:-
- probity, personal integrity and reputation;
 - competency and capability; and
 - financial integrity.
- 1.2** The BNM Guidelines on Fit and Proper Criteria (“Guidelines”) and the Allianz Group Fit and Proper Policy (“Allianz SE Policy”) sets out the standard approach to the assessment of the fitness and propriety of persons who are or are to be appointed or elected as Key Responsible Persons and requires the Company to establish policies and procedures in relation to the assessment of the fitness and propriety of its Key Responsible Persons.
- 1.3** Pursuant to the BNM Guidelines and the Allianz SE Policy, the Fit and Proper Policy and Procedure for Key Responsible Persons (“Policy”) had been established.
- 1.4** In the context of this Policy, the words “Company” and/or “Allianz” shall refer to either Allianz Malaysia Berhad (“AMB”) or Allianz General Insurance Company (Malaysia) Berhad or Allianz Life Insurance Malaysia Berhad or any other subsidiaries of AMB and collectively referred to as “AMB Group”.

2.0 GLOSSARY

Refer to **Appendix 1**

3.0 REFERENCES

- 3.1** FSA;
- 3.2** Companies Act 2016;
- 3.3** Guidelines on Fit and Proper Criteria;
- 3.4** BNM Guidelines on Corporate Governance (BNM/RH/PD 029-9);
- 3.5** BNM Guidelines on Appointed Actuary: Appointment and Duties (BNM/RH/STD 029-5);
- 3.6** BNM Guidelines on Risk Governance (BNM/RH/GL 013-5)
- 3.7** BNM Guidelines on Compliance (BNM/RH/PD 028-9)
- 3.8** BNM Guidelines on Internal Audit Function of Licensed Institutions (BNM/RH/GL 013-4)
- 3.9** Allianz Group Code of Conduct for Business Ethics and Compliance;
- 3.10** AMB Group Outsourcing Policy and Outsourcing Procedures;
- 3.11** Any amendments or, variations to the above.

4.0 APPLICABILITY OF THE POLICY

4.1 This Policy applies to all Key Responsible Persons of AMB Group.

4.2 The Key Responsible Persons ("KRP") as prescribed in the Guidelines refer to key personnel who are accountable or responsible for the management and oversight of the Company. These comprise:

- (i) Directors;
- (ii) Chief Executive Officers ("CEO");
- (iii) Any person performing a senior management function who has primary or significant responsibility for the management and performance of significant business activities of the Company and this would include any person who:
 - (a) has the authority, makes or has substantial influence in making decisions that affect the whole, or a substantial part of, the Company's business;
 - (b) is principally accountable or responsible, whether solely or jointly with other persons, for implementing and enforcing policies and strategies approved by the Board; or
 - (c) is principally accountable or responsible, whether solely or jointly with other persons, for developing and implementing systems, internal controls and processes that identify, measures, monitor or control the Company's risks.
- (iv) Any person who has primary or significant responsibility for key control functions and this would include a person who is principally accountable or responsible, whether solely or jointly with other persons, for monitoring the appropriateness, adequacy and effectiveness of the Company's internal controls, risk management and compliance systems and processes. This includes the Chief Internal Auditor, Chief Risk Officer/Head of Risk Management, Chief Compliance Officer/Head of Compliance, Chief Financial Officer and appointed actuaries
- (v) It also includes any person who is mainly accountable or responsible for key functions in the Company under centralised group or shared services arrangement.
- (vi) Pursuant to the Guidelines, the KRPs of AMB Group is annexed herewith as **Appendix II**.

5.0 RESPONSIBILITY

5.1 Board of Directors ("Board") and Nomination and Remuneration Committee of AMB Board ("NRC")

- 5.1.1 The Company's Board and the NRC, with the assistance of the Company Secretarial Department ("CSD"), Human Resources Division ("HRD") and Compliance Department ("CD") are primarily responsible for ensuring that all Key Responsible Persons fulfill fit and proper requirements.
- 5.1.2 The fit and proper assessments on each KRP shall be conducted both prior to initial appointments and at regular intervals of at least annually or whenever the Company becomes aware of information that may materially compromise a Key Responsible Person's fitness and propriety to ensure that the Key Responsible Persons fulfill the fit and proper criteria at all times.
- 5.1.3 NRC is required to review the list of KRPs of AMB Group and be satisfied that the list is comprehensive and has taken into account all key positions within the AMB Group.

- 5.1.4 The Board and NRC with the assistance of the CSD is responsible for overseeing that the assessment of existing Directors or candidates for nomination or appointment as a Director of the Company or re-appointment of existing Directors is conducted prior to making its recommendation to the Board.
- 5.1.5 The Board and NRC with the assistance of the CSD, HRD and CD are required to periodically review the policies and procedures to ensure their relevance and alignment with the organisational needs and structure as well as material changes in the business, risk profile and strategies of Company.

5.2 Company Secretarial Department

CSD is responsible for the following:

- (a) to ensure that appropriate fit and proper assessments are carried out for Directors and CEO by completing the form attached in the **Appendix A** of the Policy;
- (b) to ensure that the fit and proper assessments are supported by relevant information as specified in the Application Form prescribed by BNM;
- (c) to take reasonable steps within permissible written laws to verify the information obtained from the person being assessed where such information is material to the determination of the person's fitness and propriety against independent sources;
- (d) to conduct basic credit check ("Credit Check") by checking with or doing the following:
 - Department of Insolvency (applicable for appointment/reappointment of directors and CEO)
 - Credit Tip-Off Sdn Bhd ("CTOS")
 - Internet Search, e.g via Google or Bing
 - Criminal check
- (e) to conduct that matters related to this Policy are brought to the attention of the Board and NRC; and
- (f) to ensure that all reasonable steps are taken to protect the information and documents collected for fit and proper assessments from misuse, unauthorised access, modification or disclosure.

5.3 Human Resources Division

HRD is responsible for the following:

- (a) to ensure that appropriate fit and proper assessments are carried out for each KRP (other than Directors and CEO) by completing the form attached in the **Appendix A** of the Policy;
- (b) to ensure that the fit and proper assessments are supported by relevant information in relation to the KRPs such as Personal Declaration;
- (c) to take reasonable steps within permissible written laws to verify the information obtained from the person being assessed where such information is material to the determination of the person's fitness and propriety against independent sources;
- (d) to ensure that a regular review on the list of KRPs is conducted and the list is comprehensive and has taken into account all key positions within the Company;

- (e) to conduct basic Credit Check by checking or doing the following:
 - i) CTOS
 - ii) Dow Jones Risk and Compliance portal to screened for Anti Money Laundering and Counter Financing Terrorism and sanction exposure
 - iii) Criminal check
 - iv) Internet Search, e.g via Google or Bing
- (f) to ensure that all reasonable steps are taken to protect the information and documents collected for fit and proper assessments from misuse, unauthorised access, modification or disclosure.

5.4 Compliance Department

CD is responsible for the following:-

- (a) to monitor that appropriate fit and proper assessments are carried out for all identified KRPs by completing the form attached in the **Appendix A** of the Policy;
- (b) to monitor that the fit and proper assessments are being conducted in accordance with the Policy; and
- (c) to monitor that filing to BNM is done in a timely manner.

6.0 CRITERIA TO DETERMINE IF A PERSON IS FIT AND PROPER

6.1 The criteria for assessment of Key Responsible Persons

- 6.1.1 A person must not be disqualified pursuant to section 59(1) of the FSA and pursuant to section 238 of the Companies Act 2016 and satisfy the following criteria to be considered fit and proper to hold a KRP position:
- (a) **Probity, personal integrity and reputation** - Person must have the personal qualities such as honesty, integrity, diligence and independence of mind and fairness.
 - (b) **Competence and capability** - Person must possess the relevant knowledge, experience, ability to understand the technical requirement of the business, the inherent risks and the management process required to perform his/her role in a key function in the relevant capacity effective.
 - (c) **Financial integrity** - Person must manage his own financial affairs properly and prudently.
- 6.1.2 In determining whether a person meets requirements in (a) and (c) above, the factors set out in **Appendix A** of this Policy should be assessed individually (according to their relative importance) as well as on cumulative basis.
- 6.1.3 Consideration must be given to each of these factors, along with the circumstances surrounding them, including the lapse of time since the occurrence of events and the significance of the event from the perspective of potential risks posed to the Company.

- 6.1.4 Considerations relevant to the assessment of the fitness and propriety of Key Responsible Persons may vary depending on the degree of their influence and responsibilities in the affairs of the FI. For example, the NRC should consider whether there have been material changes in the nature or scope of the responsibilities assumed by an individual which would call for higher standards of competence or judgment in order to properly perform the duties associated with the said position, or which may give rise to new conflicts that could impair the individual's performance in the position. Similarly, circumstances which warrant an individual to be considered as fit and proper may differ between positions and the Company.

7.0 PROCESS FOR FIT AND PROPER ASSESSMENT

7.1 Prior to Appointment

- 7.1.1 In assessing whether a person meets the fit and proper requirements prior to his/her appointment, the CSD (for Directors and CEO) and HRD (for other KRPs) are required to procure the KRPs to complete the form as attached in **Appendix A**.
- 7.1.2 Upon completion and declaration by KRPs on the prescribed form, CSD (for Directors and CEO) and HRD (for other KRPs) will conduct Credit Check in accordance with paragraph 5.2 and 5.3.
- 7.1.3 For an Appointed Actuary, BNM Guidelines on Appointed Actuary: Appointment and Duties are required to be adhered to.
- 7.1.4 The assessment encompassing the declaration as per **Appendix A**, and Credit Check must be completed and the documentation must be transparent to facilitate the inspection team from designated competent authorities to understand the basis for the decision. The completed documents should accompany the request for approval for appointment.
- 7.1.5 For the proposed appointment of Directors and CEO, the CSD will submit the proposed appointment to the NRC for its recommendations to the Board for approval. For other KRPs, the HRD will submit the proposals to the NRC for its recommendation to the Board for approval.
- 7.1.6 BNM's approval must be obtained prior to the appointment of a Director, CEO and Appointed Actuary.
- 7.1.7 In addition to requirements highlighted in Appendix A, a KRP is deemed fit when he possesses relevant expert knowledge, competence and experience individually for his area of responsibility. Allianz Group places importance on qualification, experience and knowledge required especially KRPs responsible for the functions of risk, compliance, actuarial and legal.
- 7.1.8 KRPs (external and internal) applying to assume an Allianz Senior Executive position for the first time (Grade 18 and above) must undertake the Allianz Senior Executive Development Centre or Global Assessment respectively, including:

- a. An assessment with a professional interviewer
- b. Psychometrics to assess the candidate's leadership styles and organizational climate they create
- c. references from the candidate's superiors, peers, direct reports and other stakeholders (for internal candidate)

7.2 Annual and on-going assessment

7.2.1 Annual Assessment

- (i) On an annual basis, the CSD (responsible for Directors and CEO) and HRD must conduct an assessment of Key Responsible Persons and document its findings/results on each of them addressing the following:
 - (a) whether the person has at any time failed to comply with the requirements under this Policy;
 - (b) any convictions; and
 - (c) any conflict of interest.

7.2.2 Assessment of performance

- (i) On an annual basis, KRPs are assessed on their performance and fitness in their current role as well as their potential to carry out new roles
- (ii) Fitness requirements are deemed to be met if the KRP is rated at "at target or above target" in the annual performance process

7.2.3 Ad-hoc review

Ad-hoc reviews are required to conduct if it gives rise to questions regarding a person's fitness or propriety in the following instances:

- i) breach of a code and conduct and/or employment contract;
- ii) whistleblowing complaints;
- iii) Investigation or any other procedure possibly leading to any convictions of a criminal, disciplinary;
- iv) Evidence of financial or accounting irregularities in her/his field of responsibility;
- v) Signs of indebtedness such as undisputed writs of execution or garnishment for payments owed by the Key Responsible Persons; and
- vi) any conflict of interest.

7.2.4 The assessment encompassing the declaration as per **Appendix A** covering all fit and proper criteria

Upon completion of the annual review or ad-hoc review, a report on its findings and proposals resulting there from shall be presented to the NRC and the respective Boards for deliberation.

7.3 Adverse findings on assessment

- 7.3.1 If the Key Responsible Person has been assessed as fit and proper; and the Company subsequently becomes aware of information that may result in the person being assessed as not fit and proper, the person must not continue to hold that Key Responsible Person position.
- 7.3.2 Informed the member of the Board of Management of Allianz SE in charge.
- 7.3.3 Any significant adverse developments detected must be brought to the attention of the NRC within fourteen (14) days from the date of detection and thereafter the Board should be notified of such adverse findings.
- 7.3.4 Where the NRC has assessed and if the Board agrees that a KRP is not fit and proper, then the Board may take such action as is appropriate, which may include:
- (a) If a contract of employment or appointment applies, dealing with that person in accordance with that contract which, in appropriate circumstances, may include termination of employment or appointment;
 - (b) Take necessary measures to mitigate risks associated with the person continuing to hold the position;
 - (c) Demoting the individual concerned from the Key Responsible Person position, if he/she is no longer fit and proper for a position; and
 - (d) Not be entitled to claim any compensation for such termination.
- 7.3.5 The CSD (for Directors and CEO) and HRD (for other Key Responsible Person) must notify BNM in writing of the demotion of the individual concern from the Key Responsible Person position not later than seven days upon the final decision made by the Board that if a person is not fit and proper for a Key Responsible Person position.

7.4 Cessation

For the purpose of 7.4, cessation includes the following:

- a) Resignation;
- b) Retirement;
- c) Deceased;
- d) Termination;
- e) Removal; and
- f) Change of role to a non-KRP, and any other circumstances which gives rise to cessation.

7.4.1 Cessation of Key Responsible Person (*other than Directors*)

- 7.4.1.1 Where a Key Responsible Person (other than Directors) ceases to hold office and act in such capacity, HRD must notify BNM in writing of the cessation and the reasons for it, not later than seven days from the date of giving to or receiving from, the notice of the cessation.

- 7.4.1.2 In the case of Appointed Actuary (AA), HRD and AA respectively must additionally notify BNM, whether there have been any disagreements between the AA and the Company on matters which the AA has a duty to report or provide an opinion on.
- 7.4.1.3 Notwithstanding paragraphs 7.4.1.1 above, HRD must notify NRC and the Board on the cessation of the Key Responsible Person (other than Directors).
- 7.4.1.4 An exit interview will be held by HRD with the individual concerned to better understand the circumstances in which he/she left the Company.
- 7.4.1.5 Respective function holders to notify Allianz SE Group center of the cessation of the Key Responsible Person (other than Directors).

7.4.2 Cessation of Directors

- 7.4.2.1 CSD must notify NRC and the Board on the cessation of the Directors, except for removal of a Director, approval from the NRC and the Board must be obtained.
- 7.4.2.2 Where Directors ceases to hold office and act in such capacity, a written notification to BNM of the cessation and the reasons for it, not later than seven days from the date of giving to or receiving from, the notice of the cessation.
- 7.4.2.3 As for an Independent Non-Executive Director, written approval must be obtained from BNM before any removal or resignation.

7.5 Re-appointment

- 7.5.1 The same assessment criteria for the appointment of Directors, CEO and Appointed Actuary shall be applicable for the re-appointment of Directors, CEO and Appointed Actuary.

7.6 Outsourcing

- 7.6.1 In respect of outsourcing functions of Internal Audit, Risk Management, Legal, Compliance, Actuarial and Finance; the outsourcing arrangement is to comply with AMB Group Outsourcing Policy and Outsourcing Procedures and the Allianz Group Policies.
- 7.6.2 For any outsourcing arrangement, a proper due diligence on the service provider company and the service provider personnel is to be conducted. Where the service provider's personnel are concerned, a Fit and Proper assessment per the requirements of this Policy is to be conducted to ensure the Fitness and Propriety of service provider personnel. With this regard, a written confirmation should also be obtained to ascertain that the service provider's personnel comply with fit and proper requirements of paragraph 6.1.1, which includes the completion of Appendix A of this Policy.

8.0 REPORTING AND MONITORING REQUIREMENTS

- 8.1** This Policy will be monitored as to its application principally by the HRD, CSD and CD.
- 8.2** The NRC and the Board should be kept updated of the fit and proper assessments for each Key Responsible Person through the summary which will be prepared and tabled by CSD (for Directors and CEO) and HRD (for other Key Responsible Persons) at least annually.
- 8.3** If any person within the Company becomes aware of any information which may be relevant for the fit and proper assessment concerning the Key Responsible Person, immediate escalation to the CD is required.

9.0 TRAINING

- 9.1** HRD must ensure that, on an on-going basis, relevant professional training is available (internal or external) to the Senior Management and Key Function Members, to enable them to constantly meet the Fitness requirements of their roles.
- 9.2** Allianz learning and development programmes such as for example offered by AllianzU, including Leadership Academy or other leadership courses whose content are stewarded by the Leadership Academy ensure a deep understanding of Allianz Group's strategic priorities as well as the building of executive skills and abilities.
- 9.3** Similarly, the Compliance department must provide regular training on ethical business behaviour such as anti-fraud and anti-corruptions topics, providing employees with clear rules for proper behaviour, both for themselves and their reporting staff.
- 9.4** The Data Protection Officer will conduct regular data protection trainings, providing employees with clear rules for proper behavior, both for themselves and their reports

10.0 DATA PRIVACY

- 10.1** The Company shall safeguard the confidentiality of the information collected and assessments made.
- 10.2** Any personal information collected (including sensitive information) for the purposes of conducting a fit and proper assessment will be disclosed to the competent authority and on a need to know basis as required under this Policy.
- 10.3** In carrying out a fit and proper assessment, personal information (including sensitive information) about an applicant or personnel may be collected by CSD and HRD. If personal information (including sensitive information) is collected, it will be used solely for:
 - (a) Assess a person's fitness and propriety;
 - (b) Comply with legislative and regulatory requirements; and
 - (c) Perform administrative functions including risk management.

11.0 DOCUMENT RETENTION

11.0 CSD and HRD must ensure that:-

- (a) Documentation relating to the assessment for each Key Responsible Person should be retained for at least seven years after the transaction has been completed.
- (b) The documentation gathered for an unsuccessful applicant relating to assessment conducted as a component of the recruitment process shall not be kept.
- (c) It shall be the duty of the CSD and HRD to take all reasonable steps to ensure all personal data is destroyed or permanently deleted if no longer required for the purpose it was first processed.

11.1 The CSD and HRD must ensure that the following are maintained and made readily available for inspection by the BNM and Allianz SE Human Resource Department upon request:-

- (i) a list of Key Responsible Persons within the Company ; and
- (ii) full documentation of all assessments for each Key Responsible Person carried out pursuant to this Policy.

11.2 CD is responsible to ensure that this Policy is updated from time to time.

12.0 WORKFLOW FOR PROCEDURES

12.1 The workflow for the procedures is attached as **Appendix B**.

GLOSSARY

1. Section 55 of the FSA sets out that:

- (1) An institution shall not appoint or elect, reappoint or re-elect any person as a chairman, director, chief executive officer or senior officer of the institution, unless such person:-
 - (a) is an individual;
 - (b) is not disqualified under subsection 59(1); and
 - (c) has complied with the fit and proper requirements as may be specified by BNM under section 60.
- (2) No person shall accept any appointment or election, reappointment or re-election any person as a chairman, director, chief executive officer or senior officer of the institution, unless such person:
 - (a) is not disqualified under subsection 59(1); and
 - (b) has complied with the fit and proper requirements as may be specified by BNM under section 60.

2. Section 59 (1) of the FSA sets out that:

A person is disqualified from being appointed or elected, reappointed or re-elected, accepting any appointment or election, or holding office, as a chairman, director, chief executive officer or senior officer of an institution:

- (a) if he is an undischarged bankrupt, has suspended payments or has compounded with his creditors, whether in or outside Malaysia;
- (b) if a charge for criminal offence relating to dishonesty or fraud under any written law or the law of any country, territory or place outside Malaysia, has been proven against him;
- (c) if he is prohibited from being a director of a company or in any way, whether directly or indirectly, be concerned or take part in the management of a company in Malaysia pursuant to a court order made under section 199 of the Companies Act 2016 and has not obtained any leave of the court under the same section; or
- (d) If under any law relating to prevention of crime, drug trafficking or immigration:-
 - (i) an order of detention, supervision, or deportation has been made against that person; or
 - (ii) any form of restriction or supervision by bond or otherwise, has been imposed on him.

3. Section 199 of the Companies Act 2016 sets out that:
 - (1) The Court may, on an application by the Registrar, make an order to disqualify any person from acting or holding office as a director or promoter of a company, or be concerned with or taking part in the management of a company whether directly or indirectly, if –
 - (a) Within the last five years, the person has been a director of two or more companies which went into liquidation resulting from the company being insolvent due to his conduct as a director which contributed wholly or partly to the liquidation;
 - (b) Due to his contravention of the duties of a director; or
 - (c) Due to his habitual contravention of this Act.
 - (2) An application arising from the circumstances referred to in paragraph (1)(a) may be made by the Official Receiver and the Registrar shall be made a party to the proceedings.
 - (3) Before making an order under subsection (1), the Court may require any person-
 - (a) To furnish the Court with such information with respect to the company's affairs; and
 - (b) To produce and permit inspection of such books or documents relevant to the company.
 - (4) After considering the application and the additional information and documents received under subsection (3), if any, the Court may make an order to disqualify the person from acting or holding offices as a director or promoter of a company, or be concerned with or taking part in the management of a company whether directly or indirectly for such period not exceeding five years from the date of the order.
 - (5) The registrar or the Official Receiver shall give notice of not less than fourteen days to the person referred to in subsection (1) notifying his intention to apply for an order under this section.
4. Section 60 of the FSA sets out that:
 - (1) Without limiting the generality of section 47 and for the purposes of paragraphs 55(1)(c) and 55(2)(b), BNM may specify fit and proper requirements to be complied with a chairman, director, chief executive officer or senior officer of an institution or a financial adviser's representative, which may include minimum criteria relating to:-
 - (a) Probity, personal integrity an reputation;
 - (b) Competency and capability; and
 - (c) Financial integrity.
 - (2) Where an issue arises as to whether a chairman, director, chief executive officer, senior officer or financial adviser's representative has complied with the fit and proper requirements as specified under subsection (1), BNM shall full discretion to determine the issue.

5. Section 61 of the FSA sets out that:-

(1) Where a chairman, director, chief executive officer or senior officer of an institution or a financial adviser's representative, as the case may be—

(a) becomes disqualified under subsection 59(1); or

(b) no longer complies with any of the fit and proper requirements as may be specified by the Bank under section 60, such chairman, director, chief executive officer, senior officer or financial adviser's representative shall immediately cease to hold office and act in such capacity.

(2) The institution shall immediately—

(a) in the case of paragraph (1)(a), terminate the appointment of such chairman, director, chief executive officer, senior officer or financial adviser's representative; or

(b) in the case of paragraph (1)(b), remove such chairman, director, chief executive officer, senior officer or financial adviser's representative from such office.

(3) Notwithstanding anything contained in any contract of service or any other agreement relating to his appointment, the chairman, director, chief executive officer, senior officer or financial adviser's representative terminated under paragraph (2)(a) shall not be entitled to claim any compensation for such termination.

6. Section 62 of the FSA sets out that:

An institution shall notify the Bank in writing of the fact that a person has ceased to be its chairman, director, chief executive officer, senior officer or financial adviser's representative, as the case may be, pursuant to this Division or under any other circumstances and of the reasons for the cessation within seven days from the date of such cessation.

Appendix II

Key Responsible Persons of AMB Group

1. Directors¹
2. Chief Executive Officer²
3. Company Secretary
4. Chief Investment Officer
5. Appointed Actuary³
6. Group Head of Internal Audit⁴
7. Chief Risk Officer⁵
8. Senior Management Committee members⁶
9. Group Head of Human Resources
10. Chief Information Technology Officer
11. Group Head of Legal
12. Group Head of Compliance
13. Head of Compliance
14. Chief Underwriting Officer/Head of Underwriting
15. Chief Digital Officer
16. Head of Claims/Head of Life & Health Claims, and
17. Deputy Group Head of Legal
18. Head of Finance
19. Head of Operations- AGIC
20. Head of Allianz Care Solutions

¹ BNM Guidelines on Corporate Governance (BNM/RH/PD 029-9 : Appointment of Directors and CEO, NRC shall make recommendation and must be approved by Board of Directors. BNM's approval must be obtained prior to the appointment of a Director and CEO

² Refer to Note 1

³ BNM Guidelines on Appointed Actuary: Appointment and Duties (BNM/RH/STD 029-5); Appointment, remuneration, performance evaluation and dismissal of the Signing Actuary must be approved by Board of Directors and subject to prior approval of BNM

⁴ BNM Guidelines on Audit Committee's and Internal Audit Department (Part A) (BNM/RH/GL 013-22) and BNM Guidelines on Internal Audit Function (BNM/RH/GL 013-4) : Appointment, remuneration, performance evaluation and dismissal of the Chief Internal Auditor must be subject to approval of Audit Committee

⁵ BNM Guidelines Risk Governance (BNM/RH/GL 013-5) : Appointment, remuneration and dismissal of the CRO must be subject to the approval of the board or the board-risk committee

⁶ Senior Management Committee refers to the latest name list circulated by Company Secretary

Appendix A - Fit and Proper Declaration

FIT AND PROPER DECLARATION FOR DIRECTORS / CEO / KEY RESPONSIBLE PERSONS

Please complete this form by answering all the questions below. You may indicate your answers by marking "Yes" or "No" and where necessary, you would need to provide details to explain your answers.

No.	Questions	Please answer "Yes" or "No"	If yes, please provide details:
A. Probity, Personal Integrity and Reputation The person can demonstrate through personal qualities such as honesty, integrity, diligence, independence of mind and fairness.			
1.	Have you ever held a position of responsibility in the management of a business that has gone into receivership, insolvency, or involuntary liquidation while you were connected with that business?		
2.	Have you or any business in which you have a controlling interest or in which you exercise significant influence, been investigated, disciplined, suspended or reprimanded by a regulatory or professional body, a court or tribunal, whether publicly or privately?		
3.	Have you ever been a director of, or directly concerned in the management of, any corporation which is being or has been wound up by a court or other authority competent to do so within or outside Malaysia, or of any licensed institution, the license of which has been revoked?		
4.	Have you ever been associated, in ownership or management capacity, with a company, partnership or other business association that has been refused registration, authorisation, membership or a license to conduct any trade, business or profession, or has had that registration, authorisation, membership or license revoked, withdrawn or terminated?		
5.	Have you ever been compounded or convicted, or as a director, chief executive officer, or manager of a licensee or a controller of a licensee, caused it to be compounded or convicted, of an offence under the Financial Services Act 2013, the Offshore Insurance Act 1990, the Offshore Banking Act 1990, the Companies Act 2016 and Islamic Financial Services Act 2013?		
6.	Have you, at any time, contributed significantly to the failure of an organisation or a business unit?		

No.	Questions	Please answer "Yes" or "No"	If yes, please provide details:
A. Probity, Personal Integrity and Reputation			
The person can demonstrate through personal qualities such as honesty, integrity, diligence, independence of mind and fairness.			
7.	Have you ever contravened any of the requirements and standards of a regulatory body, professional body, government or its agencies?		
8.	Have you ever been dismissed, asked to resign or resigned from employment or from a position of trust, fiduciary appointment or similar position because of questions about your honesty and integrity?		
9.	Have you, at any time shown a strong objection or lack of willingness to cooperate with regulatory authorities and failure or potential failure to comply with legal, regulatory and professional requirements and standards, including compliance with tax requirements and obligations?		
10.	Have you, at any time, shown strong objection or a lack of willingness to maintain effective internal control systems and risk management practices?		
11.	Have you ever contravened any provision made by or under any written law designed to protect members of the public against financial loss due to dishonesty, incompetence or malpractice?		
12.	Has an order of detention, supervision, restricted residence, banishment or deportation ever been imposed on you?		
13.	Are you being or have been the subject of any proceedings of a disciplinary or criminal nature, or have been notified of any impending proceedings or of any investigations, which might lead to such proceedings?		
14.	Have you ever engaged in any business practices which are deceitful, oppressive or otherwise improper (whether unlawful or not), or which otherwise reflect discredit on your professional conduct?		
15.	Have you, in the past, acted unfairly or dishonestly in your dealings with your customers, employer, auditors and regulatory authorities?		

No.	Questions	Please answer "Yes" or "No"	If yes, please provide details:
<u>A. Probity, Personal Integrity and Reputation</u>			
The person can demonstrate through personal qualities such as honesty, integrity, diligence, independence of mind and fairness.			
16.	Have you ever been involved with any business or other relationship which could materially pose a conflict of interest or interfere with the exercise of your judgment when acting in the capacity of a key responsible person which would be disadvantageous to the Company or Company's interest?		
17	Are you currently holding any shares of Allianz Malaysia Berhad? If so, please state the number of shares held.		
<u>B. Financial integrity</u>			
The person must manage his debts or financial affairs prudently.			
1.	Have you ever been adjudged a bankrupt or currently facing any bankruptcy proceedings?		
2.	Have you ever suspended payments or compounded with creditors, whether as debtor or guarantor, in or outside Malaysia?		
3.	Have you ever held a position of responsibility in the management of any company which during your tenure has defaulted in payment of any judgment sum against it, or has suspended payment or compounded with its creditors, or has had a receiver or manager appointed in respect of its property?		
4.	Have you ever failed to fulfill your financial obligations, whether in Malaysia or elsewhere, as and when they fall due?		
5.	Have you ever been the subject of a judgment debt which is unsatisfied, either in whole or in part, whether in Malaysia or elsewhere?		
6.	Have you ever been prohibited from being a director of a company or in any way, whether directly or indirectly, be concerned or take part in the management of a company in Malaysia pursuant to a court order made under section 199 of the Companies Act 2016 (Power of Court to disqualify persons from acting as director or promoter) and has not obtained any leave of the court under the same section?		

No.	Questions	Please answer "Yes" or "No"	If no, please provide details:
<u>C. Fitness for Position</u>			
The person must possess the qualifications, knowledge and experience required for the position; Q 2 to Q7 are to be responded by the KRP of the respective areas			
1.	Do you possess the qualification, experience and knowledge necessary for carrying out the specifically assigned responsibilities for your position?		
2.	<u>Risk Management</u> Do you possess the technical and business knowledge to support the management of the Company's risk profile, balancing risk, return and solvency considerations?		
3.	<u>Compliance</u> Do you possess the qualification, experience and knowledge required to manage the risk of legal or regulatory sanctions, significant financial loss or loss to reputation that the Company may suffer as a result of not adhering to the current laws, regulations and regulatory requirements that are relevant to the Company's operations?		
4.	<u>Internal Audit</u> Do you possess the qualification, experience and knowledge required to evaluate the adequacy and effectiveness of the Company's system of governance, issue recommendations, in particular as to deficiencies with regard to the internal control system and the compliance with the corporate rules, and verify the compliance with decisions taken as a consequence thereof?		
5.	<u>Actuarial</u> Do you possess the qualification, experience and knowledge required to coordinate and validate the calculation of the Company's technical provisions in the Solvency II market value balance sheet and give recommendations and opinions on the management of the Company's insurance/underwriting risks, the reinsurance covers in place as well as on the Company's risk management system under Solvency II?		
6.	<u>Legal</u> Do you possess the qualification, experience and knowledge required to having the general oversight regarding all areas of applicable laws, rules and regulations, including the interpretation of statutory law, management of all legal matters, including own assessment/judgement on relevant legal topics, monitoring of relevant legal changes and providing advice on legal aspects to Senior Management?		
7.	<u>Accounting and reporting</u> Do you possess the qualification, experience and knowledge required to provide reliable financial information to the Senior Management, regulators and public through the preparation of quarterly and annual closings, regular reports, plans and forecasts as well as Solvency II reporting?		

D. Declaration of Professional Training Attended in the last 12 months (this includes in-house/external training programmes, professional certification, examinations, etc)

Name of Professional Training Attended	Organiser	Dates	Development Areas

DECLARATION

I, _____ NRIC No. /Passport No _____ declare that all information given above is true and complete and that I fulfil the “Fit and Proper Person” criteria specified under Section 60 of the Financial Services Act 2013, Section 69 of the Islamic Financial Services Act 2013 and I am not disqualified under Section 59(1) of the Financial Services Act 2013, Section 68(1) of the Islamic Financial Services Act 2013.

Subscribed and Solemnly declared by

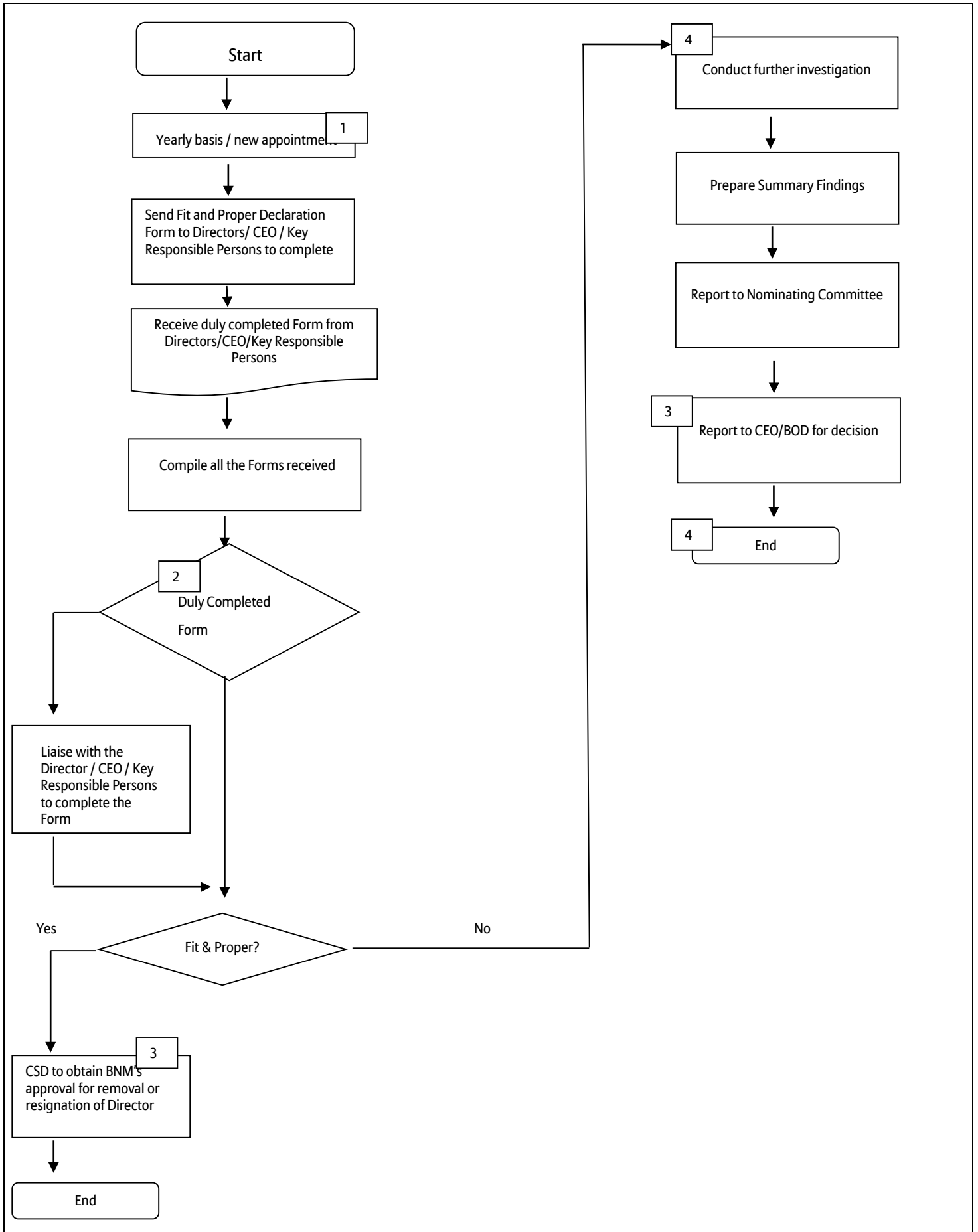
The abovenamed _____ }

this _____ day of _____ in the year _____ }

(Signature)

Appendix B – Workflow for the Appointment of Director/CEO

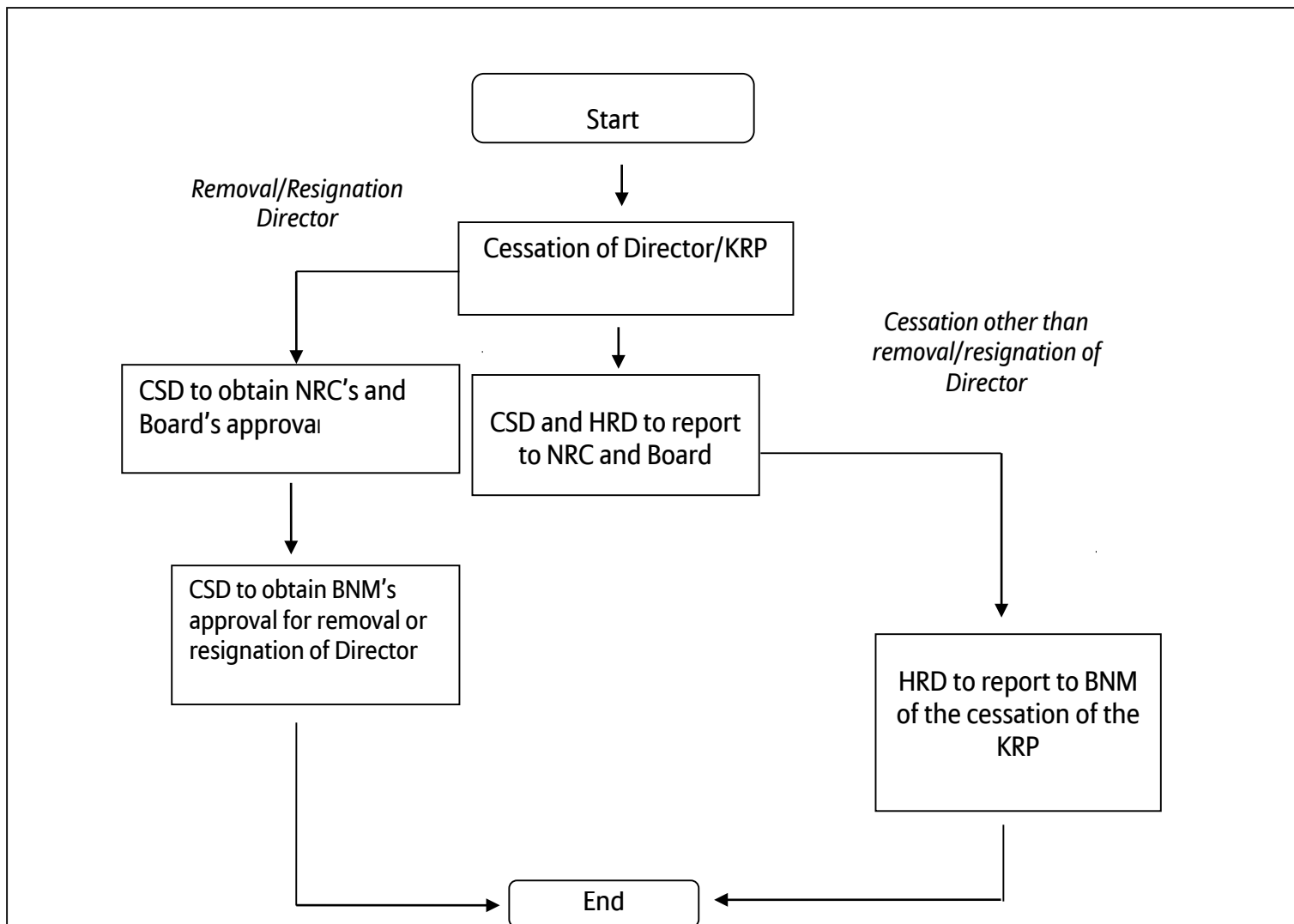
CHART 01- WORKFLOW AND PROCEDURES ON “FIT AND PROPER” REQUIREMENTS FOR APPOINTMENT OF DIRECTORS / CEO / KEY RESPONSIBLE PERSONS



Key Controls

- 1 New Appointment includes internal transfer such as swapping of the role from a non-key role to key role
- 2
 - (a) All questions in the forms must answered
 - (b) Certify and declare that all information provided is true and complete
 - (c) While completing the said form, a basic credit check is required to be conducted by checking with or doing the following:-
 - i. Department of Insolvency (applicable for appointment/reappointment of directors and CEO)
 - ii. Credit Tip of Service
 - iii. Criminal Checks (applicable for Key Responsible Person only)
 - iv. Internet Search, e.g via Google or Bing
- 3 As for the Key Responsible Persons as defined in **Appendix II** to brief CEO and Nominating Committee and decision to be made by the Board.
- 4 CSD/HRD may liaise with relevant parties to conduct further investigation/obtain additional facts or opinion.

CHART 02 - WORKFLOW AND PROCEDURES ON "FIT AND PROPER" REQUIREMENTS FOR CESSATION OF KEY RESPONSIBLE PERSON ("KRP")



Note:

1. CSD and HRD to notify BNM in writing not later than seven days from the date of giving to or receiving from, the notice of the cessation of the fact that a person has ceased to be senior officer or company secretary, or any other circumstances which gives rise to cessation.
2. An exit interview will be held with the individual concerned (CEO /Senior Management ceased from KRP Position) to better understand the circumstances in which he/she left the Company.
3. Respective function holders to notify Allianz SE Group center of the cessation of the Key Responsible Person (other than Directors).

ALLIANZ MALAYSIA BERHAD (12428-W)

AUDIT COMMITTEE - TERMS OF REFERENCE

1.0 OBJECTIVE(S)

The Audit Committee ("AC") is charged with the responsibilities of assisting the respective Boards of Allianz Malaysia Berhad ("AMB" or "Company") and its subsidiaries ("AMB Group" or "Group") in its oversight, amongst others, as follows:-

- support the Board in ensuring that there is a reliable and transparent financial reporting process;
- monitor and evaluate the performance and effectiveness of the external and internal audit functions;
- assess the internal control environment; and
- review and report to the Board of conflict of interest situations and related party transactions.

2.0 COMPOSITION

2.1 The members of the AC are as follows:-

- (a) Peter Ho Kok Wai (Chairman - Independent Non-Executive Director)
- (b) Tan Sri Datuk (Dr.) Rafiah Binti Salim (Independent Non-Executive Director)
- (c) Goh Ching Yin (Independent Non-Executive Director)

2.2 The AC should consist of a minimum of three (3) members, exclusively Non-Executive Directors with majority being independent, and shall act as the AC for AMB Group.

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

2.4 The Chairman of the Board must not chair the AC.

2.5 The Company Secretary should act as the Secretary of the AC.

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

- Chief Executive Officers;
- Chief Financial Officer/Head of Finance; and
- Head of Internal Audit Department.

2.7 No alternate Director shall be appointed as a member of the AC.

2.8 The composition of the AC 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 ("NRC").

2.9 In determining the appropriate size and composition of the AC, the Board should in particular, take into consideration the necessary mix of skills, knowledge and experience required for the AC to effectively discharge its responsibilities.

- 2.10 Collectively, the AC should have a wide range of necessary skills to undertake its duties and responsibilities. Ideally, all AC members should be able to understand the financial reporting process and be financially literate. At least one (1) member of the AC:-
- (a) must be a member of the Malaysian Institute of Accountants; or
 - (b) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:-
 - (i) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - (ii) he must be a member of one (1) of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
 - (c) fulfils any of the following requirements or the requirements as prescribed by Bursa Malaysia Securities Berhad ("Bursa Securities") including any amendment that may be made from time to time by Bursa Securities:-
 - (i) a degree/master/doctorate in accounting or finance and at least three (3) years' post qualification experience in accounting or finance; or
 - (ii) a member of any professional accountancy organisation which has been admitted as a full member of the International Federation of Accountants and at least three (3) years' post qualification experience in accounting or finance; or
 - (iii) at least 7 years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.
- 2.11 A former key audit partner of the AMB Group's shall not be appointed as a member of AC unless a cooling-off period of two (2) years has been observed prior to his/her appointment.
- 2.12 If for any reason the number of AC members at any point in time is reduced to below three (3), the Board should fill the vacancy/vacancies within three (3) months.
- 2.13 The term of office and performance of the AC and each of its members must be reviewed annually by the NRC to determine whether the AC and members have carried out their duties in accordance with the terms of reference.

3.0 DUTIES AND RESPONSIBILITIES

The AC's duties and responsibilities should include the following and shall applicable to the Group:-

- 3.1 The AC oversees the effectiveness of the internal audit function of the financial institution. At a minimum, this must include:-
- (a) reviewing and approving the internal audit plan including, amongst other, audit scope, procedures and frequency;

- (b) reviewing the results of the internal audit assessment or investigation undertaken or key audit reports and ensuring that senior management is taking necessary corrective actions in a timely manner to address control weaknesses, non-compliance with laws, regulatory requirements, policies and other problems identified by the internal audit and other control functions;
- (c) noting significant disagreements between the Chief Internal Auditor/Head of Internal Audit Department and the rest of the senior management team, irrespective of whether these have been resolved, in order to identify any impact the disagreements may have on the audit process or findings;
- (d) establishing a mechanism to assess the performance and effectiveness of the internal audit function;
- (e) ensuring the internal audit function is independent of the activities it audits and that the internal audit function reports directly to the AC;
- (f) reviewing the effectiveness of the internal control system;
- (g) establishing an appropriate mechanism to address and managing situations where there is a threat to the objectivity of the internal audit function;
- (h) 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
- (i) reviewing the appointment, performance evaluation, transfer, succession planning and removal of the Head of Internal Audit.

3.2 The AC should:-

- (a) review and making recommendations to the Board on the appointment/re-appointment, removal and remuneration of the external auditors;
- (b) monitoring and assessing the independence of the external auditors including by approving the provision of non-audit services by the external auditors;
- (c) monitoring and assessing the effectiveness of the external auditors, including by meeting with the external auditors without the presence of Management at least annually;
- (d) maintaining regular, timely, open and honest communication with the external auditors, and requiring the external auditors to report to the AC on significant matters; and
- (e) ensuring that Management is taking necessary corrective actions in a timely manner to address external audit findings and recommendations.

- 3.3 The AC should review the following and report the same to the respective Boards of AMB Group:-
- (a) with the external auditors, the audit plan;
 - (b) with the external auditors, their evaluation of the system of internal controls;
 - (c) with the external auditors, their audit report;
 - (d) the assistance given by the employees of AMB Group to the external auditors;
 - (e) any letter of resignation from the external auditors; and
 - (f) whether there is reason (supported by grounds) to believe that the external auditors is not suitable for re-appointment.
- 3.4 The AC should review the accuracy and adequacy of:-
- (a) the Management Discussion and Analysis, Chairman's Statement;
 - (b) interim financial reports including quarterly results and year-end financial statements, focusing particularly on:-
 - (i) changes in or implementation of major accounting policy changes;
 - (ii) significant matters highlighted including financial reporting issues, significant judgments made by Management, significant and unusual events or transaction, and how these matters are addressed; and
 - (iii) compliance with accounting standards and other legal requirements;
 - (c) the corporate governance disclosure made in the Directors' Report and the Annual Report pursuant to the requirements of Bank Negara Malaysia ("BNM") and Main Market Listing Requirements of Bursa Securities ("MMLR"); and
 - (d) the Statement on Risk Management and Internal Control.
- 3.5 The AC should review and provide advice on whether the financial statements taken as a whole provide a true and fair view of AMB Group's financial position and performance;
- 3.6 The AC should review internal control issues identified by auditors and regulatory authorities on Anti-Money Laundering and Counter Financing of Terrorism ("AML/CFT") and evaluate the adequacy and effectiveness of the internal controls for the Group's AML/CFT measures.
- 3.7 Whistleblowing and Fraud
- i) The AC oversees the effective implementation of the Whistleblowing Policy and Procedures (WBPP). This includes to assess how concerns are escalated and dealt with, periodically reviews the effectiveness of the WBPP and on Whistle-blower protection, assess whether a whistle-blower encountered any reprisals or retaliations.

- ii) The AC should review findings and reports of whistleblowing and fraud cases from the Integrity Committee and approve the pertinent recommended action including the closure of the cases in respect thereto, if deem fit;
- 3.8 The AC should review and report to the Board on all related party transactions (including recurrent related party transactions) and conflicts of interest situations that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management's integrity.
- 3.9 The AC shall also be responsible for any other functions as may be determined by the Board and reflected in its terms of reference.

4.0 REPORTING TO THE BNM/BURSA SECURITIES

- 4.1 Where the AC is of the view that a matter reported by it to the Board had not been satisfactorily resolved resulting in a breach of the MMLR, the AC must promptly report such matter to the Bursa Securities.

5.0 AUTHORITY

- 5.1 The AC should have the authority to investigate any matter within its terms of reference and should have full and unrestricted access to all information and documents relevant to its activities, to the internal and external auditors, and to employees and agents of the Group.
- 5.2 The Chairman of the AC is responsible for ensuring the overall effectiveness and independence of the AC.
- 5.3 The Chairman of the AC together with other members of the AC should ensure, among others, that–
 - (a) the AC is fully informed about significant matters related to the Group's audit and its financial statements and addresses these matters;
 - (b) the AC appropriately communicates its insights, views and concerns about relevant transactions and events to internal and external auditors;
 - (c) the AC's concerns on matters that may have an effect on the financial or audit of the Group are communicated to the external auditor; and
 - (d) there is co-ordination between internal and external auditors.
- 5.4 The AC should be kept regularly updated on audit matters and be notified immediately of any fraud and significant irregularities or internal control deficiencies discovered by Management or the internal audit function. Fraud and irregularities discovered by Management should be referred to the Integrity Committee or internal audit function, where applicable, for investigation.

- 5.5 The AC should have access to copies of audit reports (including interim financial audits) on a timely basis and should be kept regularly informed of corrective actions arising from internal and external audit findings.
- 5.6 The AC should have adequate resources to perform its duties and discharge its responsibilities and should be authorised to obtain independent professional advice as considered necessary.
- 5.7 The AC should have direct communication channels with the external auditors and person(s) carrying out the internal audit function and activity.
- 5.8 The AC must be able to convene meeting with the external auditors, the internal auditors or both, excluding the attendance of other Directors and the employees of the Group, whenever deemed necessary.
- 5.9 The Chairman of the AC should engage on a continuous basis with Management, the Head of Internal Audit Department and the external auditors in order to be kept informed of matters affecting the Group.

6.0 MEETINGS, QUORUM AND VOTING

6.1 Meeting

- 6.1.1 The AC should meet at a minimum of four (4) times a year.
- 6.1.2 The Chairman of the AC may call for additional meetings of the AC if the needs arise.
- 6.1.3 While the AC may invite any person to be in attendance to assist it in its deliberations (e.g. relevant officers concerned in the management of the Group, the external auditors and the internal auditor), the AC should ensure that it meets exclusively when necessary.
- 6.1.4 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.
- 6.1.5 The Chairman with the assistance of the Company Secretary should be responsible for drawing up the agenda and circulating it, supported by explanatory documentation, to AC members at least seven (5) business days before the meeting. Urgent matters may be tabled for the AC's deliberation under a supplemental agenda provided the consent of the Chairman is obtained.
- 6.1.6 The Secretary should also be responsible for keeping the minutes of meetings of the AC, their timely circulation to AC members and other members of the Board, and following up on outstanding matters in relation to the meetings.
- 6.1.7 The Chairman of the AC should report to the Board on the deliberations of the AC on a regular basis. In addition, the Chairman should also present a summary of all significant matters and resolutions made by the AC at Board meetings.

6.1.8 In between the AC meetings, a resolution in writing signed by a majority of the AC members for the time being, shall be as valid and effectual as if it had been passed at a meeting of the AC. Any such resolution may be transmitted by the members of the AC via facsimile transmission or email to the Secretary. The resolution passed by way of circular resolution is practiced sparingly by the AC.

6.2 Quorum

6.2.1 The quorum of AC meetings should be at least two thirds of the members with Independent Directors forming the majority.

6.3 Voting

6.3.1 Every AC 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.

6.3.2 All matters that are to be decided upon and approved by the AC 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.

6.3.3 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.

ALLIANZ MALAYSIA BERHAD (12428-W)

RISK MANAGEMENT COMMITTEE - TERMS OF REFERENCE

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) Dr. Muhammed Bin Abdul Khalid (Chairman - Independent Non-Executive Director of Allianz General Insurance Company (Malaysia) Berhad and Allianz Life Insurance Malaysia Berhad)
- (b) Peter Ho Kok Wai (Independent Non-Executive Director)
- (c) 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.

ALLIANZ MALAYSIA BERHAD (12428-W)

**NOMINATION AND REMUNERATION COMMITTEE – TERMS
OF REFERENCE**

1.0 OBJECTIVE(S)

The primary objectives of the Nomination and Remuneration Committee of the Board of Allianz Malaysia Berhad ("AMB") ("NRC") are:-

- (a) to establish a documented formal and transparent procedure for the appointment and removals of Directors, Chief Executive Officers ("CEO(s)") and Key Responsible Persons ("KRP(s)") of AMB and its subsidiaries ("AMB Group" or "Group");
- (b) to assess the effectiveness of individual Director, the respective Boards (including various committees of the Board), CEOs and KRPs of the AMB Group on an on-going basis;
- (c) to provide a formal and transparent procedure for developing a remuneration policy for Directors, CEOs, KRPs; and
- (d) to ensure that the compensation is competitive and consistent with the culture, objective and strategy of the AMB Group.

2.0 COMPOSITION

2.1 The members of the NRC are as follows:-

- (a) Tunku Zain Al-Abidin Ibni Tuanku Muhriz (Chairman – Independent Non-Executive Director)
- (b) Tan Sri Datuk (Dr.) Rafiah Binti Salim (Independent Non-Executive Director)
- (c) Goh Ching Yin (Independent Non-Executive Director)

2.2 The NRC must consist of at least three (3) Non-Executive Directors appointed from the Board of AMB, a majority of whom are Independent Directors and chaired by an Independent Director.

2.3 The Company Secretary should act as the Secretary of the NRC.

2.4 The permanent invitees to the meetings of the NRC are CEOs of the respective companies within the Group.

2.5 The composition of the NRC and any changes thereof must be approved by the Board after taking into consideration the recommendations of the NRC.

3.0 DUTIES AND RESPONSIBILITIES

3.1 The duties and responsibilities of the NRC are stated below and shall be applicable to the Group:-

- (a) Overseeing the overall composition of the Board in terms of the appropriate size and mix of skills, the balance between Executive Directors, Non-Executive Directors and Independent Directors as well as diversity (including gender diversity), and other core competencies required, through annual review;

- (b) Recommending and assessing the nominees for directorship, the Directors to fill Board Committees, nominees for the CEO position as well as KRPs. This includes assessing the Director and CEO/KRPs proposed for re-appointment/re-election, where applicable. The NRC in making its recommendation on candidates for directorship or re-appointment, should consider the candidate's:-
 - (i) skill, knowledge, competencies, expertise and experience;
 - (ii) professionalism;
 - (iii) integrity;
 - (iv) time, commitment, contribution and performance; and
 - (v) in the case of candidate for the position of Independent Non-Executive Directors, the NRC should also evaluate the candidates' ability to discharge such responsibilities/ functions as expected from Independent Non-Executive Directors;
- (c) carrying out annual board evaluations to assess the performance and effectiveness of the Board, Board Committees and individual Directors. Identifying areas for professional development and in place development plans for Directors.
- (d) developing, and reviewing the criteria to assess the independence of its Independent Directors and undertake assessment to determine whether the Independent Director can continue to be independent in character and judgement and free from associations or circumstances that may impair the exercise of his independent judgment.
- (e) overseeing succession plans for the Board, Chief Executive Officer and KRPs to promote renewal and address any vacancies.
- (f) recommending to the Board on removal of a Director/CEO and KRPs if they are ineffective, errant or negligent in discharging their responsibilities;
- (g) reviewing the fit and proper assessments on Directors, CEOs and KRPs prior to initial appointments and at regular intervals of at least annually or whenever the Group becomes aware of information that may materially compromise a Director, CEO and KRP's fitness and propriety to ensure that all Directors, CEOs and KRPs fulfill fit and proper requirements at all times.
- (h) reviewing the list of KRPs of the Group to ensure that the list is comprehensive and has taken into account all key positions within the Group;
- (i) ensuring that newly appointed Directors undergo appropriate induction programmes and regularly review the training needs for Directors to ensure the Directors received continuous trainings;
- (j) Recommending the engagement of external consultants to assist in and lend objectivity to the annual assessment and remuneration matters;

- (k) recommending a framework of remuneration for Directors, CEOs and KRPs of which should:-
 - (i) 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;
 - (ii) 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 KRPs;
 - (iii) 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;
 - (iv) be sufficient to attract and retain Directors, CEOs and KRPs of calibre needed to manage the Group successfully;
 - (v) be designed and implemented with input from the control functions and the Risk Management Committee of AMB Board to ensure that risk exposures and risk outcomes are adequately considered; and
 - (vi) be balanced against the need to ensure that the funds of the insurer are not used to subsidise excessive remuneration packages.

- (l) recommending remuneration packages for Directors, CEOs and KRPs. The remuneration packages should be reviewed annually and:-
 - (i) be based on an objective consideration and approved by the full Board;
 - (ii) take due consideration of the assessments of the NRC the effectiveness and contribution of the Directors, CEOs and KRPs concerned;
 - (iii) not be decided by the exercise of sole discretion of any one individual or restricted group of individuals; and
 - (iv) be competitive and is consistent with the culture, objective and strategy of the Group.

- (m) reviewing and recommending the annual performance bonus and increment for the staff of the Group;

4.0 AUTHORITY

- 4.1 The NRC is authorised by the Board to deal with any matters within its terms of reference and/or authority limits granted by the Board.
- 4.2 In addition to the above, the NRC may deal with such other matters as the Board 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 NRC shall have full and unrestricted access to any information pertaining to matters within its terms of reference. All employees of AMB Group are required to respond to any requests by the NRC and to assist the same in any matter it may handle or investigate. The NRC should be provided with sufficient support and resources required to investigate matter within its mandate.

5.0 MEETINGS, QUORUM AND VOTING

5.1 Meeting

- 5.1.1 The NRC should meet at a minimum twice a year.
- 5.1.2 The Chairman of the NRC may call for additional meetings of the NRC if the needs arise and may invite any person to be in attendance to assist the NRC 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 NRC members within a reasonable timeframe prior to each meeting. Urgent matters may be tabled for the NRC'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 NRC, their timely circulation to NRC members and other members of the Board, and following up on outstanding matters in relation to the meetings.
- 5.1.6 The Chairman of the NRC should report to the Board on the deliberations of the NRC on a regular basis. In addition, the Chairman should also present a summary of all significant matters and resolutions made by the NRC at Board meetings.
- 5.1.7 In between the NRC meetings, a resolution in writing signed by a majority of the NRC members for the time being, shall be as valid and effectual as if it had been passed at a meeting of the NRC. Any such resolution may be transmitted by the members of the NRC via facsimile transmission or email to the Secretary.

5.2 Quorum

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

5.3 Voting

- 5.3.1 Every NRC 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 NRC 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.