

MALAYSIAN LIFE REINSURANCE GROUP BERHAD
(Company No. 417867-K)

BOARD CHARTER

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PART 1: DEFINITIONS

“Act” means the Companies Act 2016;

“Board” means the Board of Directors of the Company;

“Business” means the business of the Company;

“CEO” means the Chief Executive Officer of the Company;

“Chairman” means the Chairman of the Board and is used in a gender neutral sense;

“Company” means Malaysian Life Reinsurance Group Berhad;

“Directors” means directors of the Company;

“LIAM” means L.I.A.M. Holding Sdn Bhd (Company No. 390360-T)

“Management” means the management personnel of the Company;

“Management Limitations” means the limitations on the actions of Management as set out in paragraph 12.3;

“RGA” means Reinsurance Group of America, Incorporated

“Secretary” means the Board secretary or the Company Secretary or the person normally exercising the functions of a Board or Company secretary;

“Shareholders” means the shareholders of the Company.

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PART 2: TERMS OF REFERENCE

1. OBJECTIVES AND ROLE OF THE BOARD

- 1.1 The role of the Board is to effectively represent, and promote the interests of, the Shareholders with a view to adding long-term value to the Company's shares.
- 1.2 In performing its role, the Board should act at all times:
- a) in accordance with its overriding responsibilities to act honestly and fairly and in accordance with applicable laws, in serving the interests of the Company's Shareholders, as well as its employees, its clients and the community;
 - b) in a manner designed to create and build sustainable value in the Company for Shareholders;
 - c) in accordance with duties and obligations imposed upon them by the constitution of the Company by law; and
 - d) with integrity and in accordance with the ethical and other standards set out in the Company's policies and codes of conduct.
- 1.3 Having regard to its role, the Board will direct, and supervise the management of, the business and affairs of the Company including, in particular:
- a) ensuring that the Company Goals are clearly established, and that strategies are in place for achieving them;
 - b) establishing corporate policies on investment, underwriting, retrocession, claims management, risk management and other policies for strengthening the performance of the Company including ensuring that Management is proactively seeking to build the Business and the development of its business capital;
 - c) input into and final approval of major corporate strategies and annual budget;
 - d) monitoring corporate performance and implementation of strategies and policies;
 - e) approving and monitoring the progress of major capital expenditure, capital management and acquisitions/divestments;
 - f) ensuring the disclosure of related-party transactions of a material nature;
 - g) establishing authority levels for core functions of the Company;

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- h) deciding on the outsource of core business functions, if required;
 - i) monitoring the performance of Management, including assessing whether appropriate resources are available;
 - j) appointing the CEO, setting the terms of the CEO's employment contract and, where necessary, terminating the CEO's employment with the Company;
 - k) monitoring Board composition, processes and performance;
 - l) establishment of Board Committees, their membership and delegated authorities;
 - m) deciding on whatever steps are necessary to protect the Company's financial position and the ability to meet its debts and other obligations when they fall due and ensuring that such steps are taken; and safeguarding the integrity and credibility of the Company.
 - n) ensuring that the Company's financial statements are true and fair and conform with law;
 - o) ensuring that the Company adheres to high standards of ethics and corporate behaviour; and
 - p) ensuring that the Company has appropriate risk management/regulatory compliances policies in place.
 - q) maintaining effective oversight over the data management and MIS framework and ensure that the framework is aligned with the business and risk strategies of the Company encompassing the following:
 - providing direction to senior management on broad expectations of the framework in supporting strategic and operational decision making; and
 - ensure that expectations are met on a continuing basis and approve strategic resource allocations towards data management and MIS enhancement initiatives.
 - r) selecting and appointing key senior officers who are qualified and competent to administer the insurance business effectively, professionally and soundly.
 - s) ensuring succession planning of Board and key senior officers are in place, including their appointments, training, remuneration and performance review.
- 1.4 The normal course of events and day to day management of the Company will be in the hands of Management and under the stewardship of the CEO.
- 1.5 The Board will satisfy itself that the Company is achieving the Company Goals.

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2. DIRECTORS' CODE OF CONDUCT AND ETHICS

- 2.1 The Board of Directors shall maintain the Company's reputation based on the highest standards of conduct in all business endeavours and the Directors have a responsibility to lead by example, acting with truth, sincerity and fairness in all decisions.
- 2.2 This Code describes the standards of business conduct and ethical behaviour for Directors in the performance and exercise of their responsibilities as Directors of the Corporation or when representing the Company.
- 2.3 The principles set forth herein describe how Directors should conduct themselves and each Director is expected to comply with the letter and spirit of this Code which serve as a source of guiding principles for Directors. This Code does not address every expectation or condition regarding proper and ethical business conduct, nor can it anticipate every situation that may arise. Accordingly, Directors are encouraged to bring questions about particular circumstances that may be relevant to one or more of the provisions of this Code to the attention of the Chairman of the Board of Directors, who may consult with inside or outside legal counsel as appropriate.

Relationship with Shareholders, Employees, Creditors and Customers

- 2.4 The Board will use its best endeavours to familiarize itself with issues of concern to Shareholders, employees, creditors and customers of the Company.
- 2.5 The Board will regularly evaluate issues and any other relevant external matters that may influence or affect the development of the Business or the interests of Shareholders employees, creditors and customers of the Company and, if thought appropriate, will seek outside advice on these matters.

Conflict of Interest

- 2.6 Directors must avoid any conflicts of interest with the Company. A "conflict of interest" occurs when a Director's private interest interferes in any way with the interests of the Company as a whole. In addition to avoiding conflicts of interest, Directors should also avoid even the appearance of a conflict. If a Director believes he or she has an actual or potential conflict of interest with the Company, the Director shall notify the Chairman of the Company as promptly as practicable and shall in any event not participate in any decision by the Board of Directors of the Company that in any way relates to the matter that gives rise to the conflict of interest.
- 2.7 The Board shall establish a written policy to address Directors' actual and potential conflicts of interest.

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Corporate Opportunities

- 2.8 Directors owe a duty to the Company to advance its legitimate interests and are prohibited from (a) taking for themselves opportunities that are discovered through the use of corporate property, information or position, (b) using corporate property, information or position for personal gain, and (c) competing with the Company for business opportunities.

Confidentiality

- 2.9 Whilst Directors may have access to confidential information of the Company, each Director, during his or her term of office, and after leaving the Board, must maintain the confidentiality of information entrusted to him or her by the Company and any other confidential information about the Company that comes to him or her, from whatever source, in his or her capacity as a Director, except to those people who have an appropriate reason to have access to the information.
- 2.10 In the cases where disclosure of information is appropriate or necessary, the Company has developed policies and procedures that are reasonably designed to provide broad non-exclusionary distribution of such information to the public.
- 2.11 For purposes of this Code, “confidential information” includes all non-public information that might be of use to competitors, or harmful to the Company or its customers, if disclosed.

Compliance with Laws, Rules and Regulations

- 2.12 Directors shall comply with laws, rules and regulations applicable to them as Directors of the Company.

Fair Dealing

- 2.13 The Company’s reputation for ethical behaviour is critical to its success. Directors must observe the highest ethical standards and act with integrity and honesty to promote an environment that encourages the Company’s officers and employees to sustain and enhance the Company’s reputation and treat each other as well as customers, suppliers, and competitors with fairness and respect.
- 2.14 Directors shall not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice.

Use of Company Assets

- 2.15 Directors are responsible for overseeing the Company’s policies and practices to ensure that the Company assets are used only for legitimate business purposes.

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- 2.16 Directors shall not use the Company assets for their personal benefit or gain.

Compliance Procedures

- 2.17 Directors should communicate any suspected violations of this Code (and any concerns regarding accounting or auditing matters) promptly to the Chairman of the Audit Committee. Violations will be investigated by the Board or by persons designated by the Board, and appropriate action will be taken in the event of any violations of the Code. Directors may not be retaliated against for reporting actual or suspected violations of the Code in good faith. Suspected retaliation should be reported to the Chairman of the Audit Committee.

Implementation and Oversight

- 2.18 The Board is ultimately responsible for the implementation of this Code and designates the Audit Committee to administer this Code.
- 2.19 Unless otherwise determined by the Audit Committee, the Chairman of the Audit Committee shall be the point of contact for communicating with the committee.
- 2.20 The Chairman of the Audit Committee may consult with other members of the Audit Committee, other members of the Board and outside counsel as appropriate.

Annual Certification

- 2.21 As part of the annual Business Conduct Certification Program, each Director will be asked to certify that he or she is in compliance with this Code.

3. BOARD PROCEDURES

- 3.1 The conduct of Directors will be consistent with their duties and responsibilities to the Company and, indirectly, to Shareholders. The Board will be disciplined in carrying out its role, with the emphasis on strategic issues and policy. Directors will always act within any limitations imposed by the Board on its activities.
- 3.2 Directors will use their best endeavours to attend Board meetings. Directors are expected to participate fully, and constructively in Board discussions and other activities and to bring the benefit of their particular knowledge, skills and abilities to the Board.
- 3.3 Board discussions will be open and constructive, recognizing that genuinely held differences of opinion could bring greater clarity and lead to better decisions. The Chairman will, nevertheless, seek a consensus in the Board but may, where considered necessary, call for a vote. All discussions and their record will remain confidential unless there is a specific direction from the Board to the contrary, or disclosure is required by law.

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- 3.4 The Executive Directors will attend Board meetings to discharge his Board responsibilities. At Board meetings, Board responsibilities supersede all executive responsibilities.
- 3.5 The Board has sole authority over its agenda and exercises this through the Chairman. Any Director may, through the Chairman, request the addition of an item to the agenda. The Chairman in consultation with the CEO and the Secretary will set the agenda.
- 3.6 The Board will hold meetings at least six times in each financial year and will hold additional meetings as the situation requires.
- 3.7 Directors are entitled to have access, at all reasonable times, to all relevant company information and to Management.
- 3.8 Directors are expected to strictly observe confidentiality of company information.
- 3.9 In making policies, the Board will not reach specific decisions unless it has considered the more general principles upon which they are founded, and in reaching other specific decisions, the Board will consider the policies against which the decisions are made.
- 3.10 In respect of the quorum for board meetings, there shall be present at least four (4) directors, of whom one (1) shall be representing LIAM and one (1) representing RGA and two (2) independent directors.

4. CHAIRMAN

- 4.1 The Chairman of Company shall be appointed by mutual agreement of the Directors representing LIAM and RGA on the Board.
- 4.2 The Chairman of the Company shall be an independent non-executive.
- 4.3 The Chairman is responsible for representing the Board to Shareholders.
- 4.4 The Chairman is responsible for ensuring the integrity and effectiveness of the governance process of the Board.
- 4.5 The Chairman is responsible for maintaining regular dialogue with the CEO over all operational matters and will consult with the remainder of the Board promptly over any matter that gives him cause for major concern.
- 4.6 The Chairman shall chair all meetings of the Board. In the event that he is not present at any meeting of the Board, he shall nominate any other member of the Board who is an independent non-executive director to chair such meeting, failing which, the Chairman of such meeting shall then be any other member of the Board as the Directors present in the meeting shall nominate.

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5. BOARD COMPOSITION

- 5.1 The Board shall have a maximum of seven (7) members all of whom shall be natural persons where one (1) directors shall be appointed by RGA and two (2) directors shall be appointed by LIAM and the Members shall jointly appoint four (4) other independent non-executive directors.
- 5.2 The Board shall comprise a majority minimum of independent non-executive directors.
- 5.3 Executive members of the Board, if applicable, should not simultaneously serve on the board of more than five (5) companies, including this Company.
- 5.4 Non-executive members of the Board should not simultaneously serve on the board of more than fifteen (15) companies, including this Company.
- 5.5 The members of the Board should have an appropriate range of qualification and expertise and should meet the minimum qualification standards for directors specified under Bank Negara Malaysia's relevant Guidelines.

6. BOARD COMMITTEES

- 6.1 The Board will form the following Board Committees at the minimum:
 - a) The Audit Committee
 - b) The Risk Management Committee
 - c) The Nomination Committee
 - d) The Remuneration Committee
- 6.2 Additional Board committees may be formed by the Board to facilitate effective and efficient decision-making.
- 6.3 Board committees will observe the same rules of conduct and procedure as the Board unless the Board determines otherwise.
- 6.4 Board committees will discharge their duties and responsibilities as laid out in their respective terms of reference.
- 6.5 Board committees will only speak or act for the Board when so authorised.

7. BOARD NOMINATION AND ELECTION PROCESS

- 7.1 The Nomination Committee will review the composition of the continuing members of the Board and Board Committees annually and make recommendation(s) to the Board for any new appointment to the Board or Board Committees when necessary. The Board then determines whether or not to approve the recommendation of the new appointment.

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7.2 The criteria used in the assessment of new Directors before appointment to the Board shall include but not limited to:

- Skills and competency
- Knowledge and expertise
- Regional and industry experience
- Academic and professional qualifications
- Background, race, gender, age and nationality
- High personal and professional ethics, integrity and values
- Ability to devote the required amount of time to carry out the duties and responsibilities of Board membership
- Financial capability and business stability to devote significant time, energy and resources
- Other directorship/(s)

7.3 The Board shall establish and regularly review succession plans for the Board to promote Board renewal and address any vacancies.

8. BOARD AND MEMBER ASSESSMENTS/EVALUATIONS

8.1 The Board will review the size and composition of the Board at least annually.

8.2 Members of the Board will be subject to an annual fit and proper assessment by the Nomination Committee.

8.3 The Board or via the Nomination Committee, will assess the Board's performance, at least annually, in order to confirm that its processes and procedures remain adequate to ensure that it is carrying out its functions as effectively as possible.

8.4 Individual Directors will be evaluated by a process whereby the Board via the Nomination Committee determines questions to be asked of each Director about him or herself and about each other including the Chairman, and the responses are collected and collated by the Chairman of the Nomination Committee who then discusses the results with each Director. The Nomination Committee Chairman's own position will be discussed with the rest of the Board.

8.5 Independent Directors will also be assessed by the Board annually to ensure he or she can continue to bring independence and objective judgement to the Board.

8.6 The findings of the Nomination Committee on all assessments and evaluations conducted will be disclosed to the full Board.

9. PROVISION OF BUSINESS OR PROFESSIONAL SERVICES BY DIRECTORS

9.1 Generally, Directors shall not provide business or professional services of an ongoing nature to the Company.

9.2 Notwithstanding the general rule, the Company is at liberty to:

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- a) engage the services of any Director having special expertise in the particular field for the purpose of a special assignment; or
- b) engage the services of a party related to a Director's of an organization

so long as the terms of engagement are competitive, are clearly recorded and all legal requirements for disclosure of the engagement are properly observed.

10. OTHER BOARD APPOINTMENTS

- 10.1 Any Director is, while holding office, at liberty to accept other Board appointments so long as the appointment is not in conflict with the business and does not affect his performance as a Director.

11. INDEPENDENT PROFESSIONAL ADVICE

- 11.1 Any Director is entitled to obtain independent professional advice relating to the affairs of the Company or to his or her other responsibilities as a Director.
- 11.2 If a Director considers such advice necessary, he shall first discuss it with the Chairman and, having done so, shall be free to proceed.
- 11.3 Subject to the prior approval of the Chairman, the cost of the advice will be reimbursed by the Company but the Directors will ensure, so far as is practicable, that the cost is reasonable.

12. BOARD-MANAGEMENT RELATIONSHIP

- 12.1 Role of CEO
 - 12.1.1 The Board will link the Company's governance and management functions through the CEO.
 - 12.1.2 All Board authority conferred on Management is delegated through the CEO so that the authority and accountability of Management is considered to be the authority and accountability of the CEO so far as the Board is concerned.
 - 12.1.3 The Board will agree with the CEO to achieve specific results directed towards the Company Goals. This will usually take the form of an annual performance contract under which the CEO is authorized to make any decision and take any action within the Management Limitations, directed at achieving the Company Goals.

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12.1.4 The Chairman maintains an informal link between the Board and the CEO and is available to the CEO to provide counsel and advice where appropriate. The CEO is expected to keep the Chairman and the Board informed on important matters.

12.1.5 Only decisions of the Board acting as a body are binding on the CEO. Decisions or instructions of individual Directors, officers or committees are not binding except in those instances where specific authorization is given by the Board.

12.2 Accountability of CEO to Board

12.2.1 The CEO is accountable to the Board for the achievement of the Company Goals and the CEO is accountable for the observance of the Management Limitations.

12.3 Management Limitations

12.3.1 The CEO is expected to act within all specific authorities delegated to him by the Board.

12.3.2 The CEO is expected not to cause or permit any practice, activity or decision that is contrary to commonly accepted good business practice or professional ethics.

12.3.3 The CEO is expected not to cause or permit any action without taking into account the consequences and their effect on long-term shareholder value.

12.3.4 The CEO is expected not to cause or permit any action that is likely to result in the Company becoming financially embarrassed.

12.3.5 The CEO is the leader of the Company in all matters of Management and carries the responsibility to report to the Board as a whole and not just to the Chairman.

12.3.6 The assets of the Company are expected to be adequately maintained and protected, and not unnecessarily placed at risk. In particular, the Company must be operated with a comprehensive system of internal control, and assets of funds must not be received, processed or disbursed without controls that, as a minimum, are sufficient to meet standards acceptable to the Company's internal and external auditors.

12.4 Role of Chairman

12.4.1 The Chairman is principally responsible for the working of the Board which includes:-

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- a) Providing overall leadership to the Board, without limiting the principle of collective responsibility for Board decisions.
- b) Participating in the selection of Board members and ensuring that the membership is properly balanced.
- c) Setting agenda for Board meetings, usually in conjunction with the CEO and Secretary.
- d) Chairing meetings of the Board in such a manner that will stimulate debate on the issues before the Board and encourage the most effective contribution from each Director.
- e) Reviewing the minutes of meetings of the Board before meeting, to ensure they accurately reflect the Board's deliberations, and matters arising from the minutes and on which further action is required have been addressed.
- f) Monitoring and evaluating the individual performance of Directors and the Board as a whole.
- g) Initiating the establishment of Board Committees and ensuring that they achieve their objectives.
- h) Fastening high corporate governance.

12.4.2 The Chairman acts as an informal link between the Board and Management and particularly between the Board and the CEO.

12.4.3 The Chairman, along with all other Directors, should recognize that the CEO is the leader of the Company in all matters of Management and should not expect to become involved in the Company's day-today operations.

12.4.4 The Board communicates with Shareholders at Shareholders' meetings and through the distribution of its annual reports. The Chairman normally chairs these meetings where he will use this as an opportunity to inform Shareholders of the Company's affair including its performance.

12.4.5 The Chairman also lead the role in presenting the Company's cause, whether formally or informally with the authorities and investors in which the Company operates.

13. REVISION AND UPDATES

This Terms of Reference of the Board will be reviewed and updated once in every two years. Any intervening changes or additions will be by way of circular and memos.