



**Berjaya Sampo
Insurance Berhad**
(62605-U)

BOARD CHARTER

SOMPO, A Century of Trust

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1.0 Objective

The Board Charter sets out the Board's composition, roles, responsibilities and procedures of the Board and the Board Committees of Berjaya Sampo Insurance Berhad ("the Company") in accordance with the principles of corporate governance prescribed in the Corporate Governance Policy Document ("CGPD") issued by Bank Negara Malaysia ("the Bank") on 3rd August 2016.

2.0 Roles and Responsibilities

The Board has the overall responsibility for promoting the sustainable growth and financial soundness of the Company, and for ensuring reasonable standards of fair dealing, without undue influence from any party. This includes a consideration of the long-term implications of the Board's decisions on the Company and its customers, officers and the general public.

In fulfilling this role, the Board shall be responsible for, among others, the following: –

- 2.1 To approve the risk appetite, business plans and other initiatives which will, singularly or cumulatively, have a material impact on the Company's risk profile;
- 2.2 To oversee the selection, performance, remuneration and succession plans of the Chief Executive Officer ("CEO"), control function heads and other members of senior management, such that the Board is satisfied with the collective competence of senior management to effectively lead the operations of the Company;
- 2.3 To oversee the implementation of the Company's governance framework and internal control framework, and periodically review whether these remain appropriate in light of material changes to the size, nature and complexity of the Company's operations;
- 2.4 To promote, together with senior management, a sound corporate culture within the Company which reinforces ethical, prudent and professional behavior;
- 2.5 To promote sustainability through appropriate environmental, social and governance considerations in the Company's business strategies;
- 2.6 To oversee and approve the recovery and resolution as well as business continuity plans for the Company to restore its financial strength, and maintain or preserve critical operations and critical services when it comes under stress;
- 2.7 To promote timely and effective communication between the Company and the Bank on matters affecting or that may affect the safety and soundness of the Company.

3.0 Proceedings of the Board Meetings

3.1 Frequency of the meeting

Meetings of the Board shall be held at least six (6) times in each calendar year. Additional meetings may be held whenever necessary and whenever requested by the Directors.

3.2 Quorum

The quorum for meetings of the Board is at least half of the Directors present in person, of which there shall be at least one (1) Director appointed by Sompo Holdings (Asia) Pte. Ltd. and one (1) Director appointed by Berjaya Capital Berhad.

3.3 Attendance of the meeting

Directors must attend at least 75% of the Board meetings held in each calendar year and must not appoint another person to attend or participate in a Board meeting on his/her behalf. The Board must ensure that attendance at a Board meeting, by way other than physical presence, remains the exception rather than the norm, and is subject to appropriate safeguards to preserve the confidentiality of deliberations.

3.4 The minutes

The Board must ensure that clear and accurate minutes of Board meetings are maintained to record the decisions of the Board, including the key deliberations, rationale for each decision made, and any significant concerns or dissenting views. The minutes are provided to all Directors.

3.5 Access to the management and information and third party professional advice.

- 1) The Directors shall have unrestricted access to all information within a Company that enables them to better understand and assess the Company's performance.
- 2) The Directors shall also have unrestricted access to the advice, dedicated support and services of the Company Secretary.
- 3) The Company must provide the Board with access to advice from third party experts on any matter deliberated by the Board as and when required, and the cost of such advice shall be borne by the Company.

4.0 Reserved Matters

4.1 The Company has in place a list of matters (the reserved matters) that are required to be resolved at a meeting of the Board to ensure that decisions and direction by the Board are appropriately vested. The list clearly defines the types and nature of the items, including items required by regulation.

4.2 The CEO, in leading senior management, bears primary responsibility over the day-to-day management of the Company, which is delegated to him/her by the Board.

5.0 Composition

The composition of the Board is governed by the CGPD and the Board must review its size periodically to promote effective deliberation, to encourage the active participation of all Directors and to allow the various Board Committees to discharge their duties more effectively without giving rise to an over-loading of duties on those Directors who are required to serve on multiple Board Committees.

5.1 Criteria and skill sets

Directors are required to have appropriate skills, knowledge and experience that contribute to the Company's development and growth of its business. These abilities shall include those in other relevant profession and shall not be limited to the insurance industry only.

5.2 Tenure

The tenure of each Independent Director shall generally not exceed a continuous term of more than nine (9) years.

5.3 Chairman of the Board

- a) The Chairman of the Board shall be appointed by the Directors from among the Independent Directors.
- b) The Chairman of the Board is responsible for the effective overall functioning of the Board.
- c) The Chairman of the Board must not chair any of the Board Committees.

The Chairman must: –

- 1) Ensure that appropriate procedures are in place to govern the Board's operation;
- 2) Ensure that decisions are taken on a sound and well-informed basis, including by ensuring that all strategic and critical issues are considered by the Board, and that the Directors receive the relevant information on a timely basis;
- 3) Encourage healthy discussion and ensure that dissenting views can be freely expressed and discussed;
- 4) Lead efforts to address the Board members' developmental needs.

5.4 Executive and Non-Executive Directors

- a) The Board must have a majority of Independent Directors at all times.
- b) The Board must also determine the independency of Independent Directors.
- c) The Board must not have more than one (1) Executive Director unless regulator approves in writing. The Bank may allow more than one executive director on the board of the Company if the chairman is an independent director and the Bank is satisfied additional appointment will not compromise board effectiveness, having regard to :-
 - 1) the extent of his involvement in making or implementing management decisions that are subject to the board's oversight;
 - 2) the degree to which his incentives are influenced by the performance of the financial institution;
 - 3) the effectiveness of the non-executive directors in providing a counterbalance to the collective influence of executives on the board; and
 - 4) the significance and uniqueness of the contribution that the candidate is expected to bring to the board.

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- d) Each Director must immediately disclose to the Board on any changes of his circumstances which affects his status of independency or his executive or non- executive position.
 - e) The Board must ensure that the common Directors of the Company and any of its affiliates shall only form a minority of the Board's composition.

6.0 Board Committees

6.1 Board Committees

The Board shall set up different Board Committees with different functions to assist the Board in discharging its fiduciary duty. The Board has established the following Committees to assist the Board in the execution of its duties:

- a) Nominations Committee;
- b) Remuneration Committee;
- c) Risk Management Committee;
- d) Audit Committee; and
- e) Investment Committee

The Board shall be kept informed of the Board Committees' work, key deliberations and decisions on delegated matters and remains fully accountable for any authority delegated to the Board Committees.

6.2 Composition of the Committee

Each Committee shall be required: -

- a) To have at least three (3) Directors;
- b) To have a majority of Independent Directors;
- c) To be chaired by an Independent Director who is not the Chairman of the Board, with the exception of the Investment Committee which is chaired by a Non-Executive Director; and
- d) With the exception of the Nominations Committee and Investment Committee, each Board Committee must not have any Executive Director in its membership.

7.0 Roles and Responsibilities of Committees

The roles and responsibilities of the Nominations, Remuneration, Risk Management, Audit and Investment Committees are set out in the respective Terms of Reference of each Committee, which includes: -

7.1 Nominations Committee

To recommend to the Board on the following matters concerning the Board, senior management and company secretary:

- a) appointments and removals;
- b) composition;
- c) performance evaluation and development; and
- d) fit and proper assessments.

7.2 Remuneration Committee

- 1) To recommend to the Board and to oversee the design and operation of the Company's remuneration system.
- 2) To review the remuneration of the Board members, CEO, the control function heads and other senior management staff and the company secretary.

7.3 Risk Management Committee

- 1) To support the Board in meeting the expectations on risk management as set out in the policy document on Risk Governance policy document issued by the Bank on 1 March 2013.
- 2) To assist on 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 Remuneration Committee.

7.4 Audit Committee

- 1) To support the Board in ensuring that there is a reliable and transparent financial reporting process within the Company.
- 2) To oversee the effectiveness of the internal audit function of the Company.
- 3) To oversee the external auditor in accordance with expectations set out in the policy document on external auditors.

7.5 Investment Committee

To review and recommend the investment policy to the Board, monitor the investment performance to ensure that the investment objectives are met. The purpose of the investment policy is to ensure a uniform approach in the understanding of the Company's investment objectives, and enables the setting of appropriate policies, strategies and controls on investment to achieve these objectives.

8.0 Other matters

8.1 Directors' training program

The Board shall establish Directors' training program to ensure that each Director possesses the knowledge and skills to fulfill his responsibilities.

8.2 External Commitments

The Directors must not have more than fifteen (15) external professional commitments.

8.3 Conflict of Interest

The Board shall establish the Directors' Conflict of Interests Policy to address Directors' actual and potential conflicts of interests.

8.4 Board's evaluation and fit & proper assessment

The Board shall carry out annual Board evaluation to assess its effectiveness and performance of the Board, the Board committees and individual Directors. The Board shall also carry out the annual fit & proper check for all Directors and senior management. All Directors must ensure they are not disqualified under section 59(1) of the FSA and must not be an active politician. They must also ensure that they are not an officer or a partner of the external auditor of the Company for at least two (2) years before they can be considered for appointment as a Board member.

8.5 Time commitment

The Directors must devote sufficient time to prepare for and attend the meetings of the Board and the Board Committees.

8.6 Resources

The Company shall provide the Board and Board Committees with sufficient support and resources required to investigate any matter within their mandates.

8.7 Succession Planning

The Board must establish and regularly review succession plans of the Board.

8.8 Appointment and Removal Process

- 1) The Board must establish a rigorous process for appointment and removal of Directors.
- 2) Each Director shall be assessed against minimum requirements to carry out his responsibilities when he is appointed as a Director. Each Director must disclose to the Board any change of circumstances which may affect his ability to carry out his responsibilities.
- 3) The Board shall ensure that each Director acknowledges the terms of his appointment which includes the minimum requirements.
- 4) The Company shall not make an application to the Bank to appoint any person as a director unless the Board is fully satisfied with its assessment of the proposed appointee and that such proposed appointment shall not be publicly disclosed unless the Company has obtained a written approval from the Bank.

8.9 Culture

The Board shall adopt a code of conduct (ethics) and establish a whistle blowing policy to develop a good work culture in the Company.

9.0 Review of the Board Charter

The Board Charter shall be reviewed by the Board on annual basis to ensure its relevance in assisting the Board to discharge its duties, to take into account any changes in the corporate laws and regulations that may arise from time to time and to remain consistent with the Board's objectives and responsibilities.