



MPI Generali Insurans Berhad



BOARD CHARTER

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1 The Board

1.1 BOARD RESPONSIBILITIES

1.1.1 The Board of the Company has the overall responsibility of promoting the sustainable growth and financial soundness of the Company and 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.

1.1.2 In fulfilling the above role, the Board shall assume, among others, the following responsibilities:-

- (a) To set and oversee the implementation of business and risk objectives and strategies of the Company and in doing so, the Board shall have regard to the long term viability of the Company and reasonable standards of fair dealing;
- (b) To ensure and oversee the effective design and implementation of sound internal controls, compliance and risk management systems that commensurate with the nature, scale and complexity of the business and structure of the Company;
- (c) To oversee the performance of the senior management in managing the business and affairs of the Company to ensure that the business and affairs of the Company are being properly and competently managed. These include ensuring the solvency of the Company and the ability of the Company to meet its contractual obligations and to safeguard its assets;
- (d) To ensure that there is a reliable and transparent financial reporting process within the Company;
- (e) To review and approve the risk appetite, business plans and other initiatives which will, singularly or cumulatively, have a material impact on the Company's risk profile, financial soundness, reputation or key operational controls of the Company;
- (f) To oversee the selection, performance, remuneration and succession plans of the Chief Executive Officer, 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;
- (g) To oversee the implementation of the Company's governance framework and internal control framework, and periodically review whether these remain appropriate in the light of material changes to the size, nature and complexity of the Company's operations;
- (h) To promote, together with senior management, a sound corporate culture within the Company which reinforces ethical, prudent and professional behavior;
- (i) To promote sustainability through appropriate environmental, social and governance considerations in the Company's business strategies;
- (j) 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;
- (k) To establish and regularly review succession plans for the Board to promote Board renewal and address any vacancies; and
- (l) To promote timely and effective communications between the Company and Bank Negara Malaysia ("BNM") on matters affecting or that may affect the safety and soundness of the Company.

In carrying out its functions, the Board shall have regard to the interest of policy owners of the Company.

1.2 BOARD CHAIRMAN

- 1.2.1 The Chairman of the Board must be a Non-Executive Director and must not have served as Chief Executive Officer of the Company in the past five (5) years.
- 1.2.2 The Chairman, in leading the Board, is responsible for the effective overall functioning of the Board. In fulfilling the role, the Chairman shall assume the following responsibilities:
- (a) To ensure appropriate procedures are in place to govern the Board's operations for the effective overall functioning of the Board and the effective conduct of business by the Board at Board meetings;
 - (b) To 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.
 - (c) To encourage healthy discussions and ensure that dissenting views can be freely expressed and discussed;
 - (d) To provide leadership to the Board and is responsible for the development needs of the Board members;
 - (e) To manage the Board's communications and the Board's effective supervision over the Management;
 - (f) To ensure the orderly conduct of the proceedings of shareholders' meetings;
 - (g) To protect the interest of various stakeholders; and
 - (h) To maintain good contact and effective relationships with the Shareholders.

1.3 NON-EXECUTIVE DIRECTORS

- 1.3.1. The roles and responsibilities of the Non-Executive Directors include, among others, the following:
- (a) To provide independent and objective views (in the case of Non-Executive Directors who are Independent Directors), assessment and suggestions in the deliberations of the Board;
 - (b) To provide the relevant checks and balances in the proceedings of the Board;
 - (c) To constructively challenge and contribute to the development of the business strategies and direction of the Company;
 - (d) To provide advice and guidance to the Management in the development of business strategies and direction of the Company;
 - (e) To monitor the implementation of the business strategies by Management and operational performance of Management;
 - (f) To review and monitor the risk management and internal control systems of the Company to ensure adequate risk management and internal controls system are in place to safeguard the interests of the Company and all stakeholders; and
 - (g) To ensure that appropriate standards of corporate governance are practised in the Company.

1.4 INDEPENDENT NON-EXECUTIVE DIRECTORS

- 1.4.1 Independent Non-Executive Directors play a pivotal role in ensuring corporate accountability and providing an essential source of impartial and objective professional advice and judgement to safeguard the interests of the Company and all stakeholders.
- 1.4.2 An Independent Director is a Director who is independent in character and judgement and free from associations or circumstances that may impair the exercise of his independent judgement.

- 1.4.3 An individual must not be considered to be an Independent Director if he/she or any person linked to him/her:
- (a) has been an executive in the last two years i.e. who has management responsibilities in the Company or any of its affiliates in the last two years (whether or not he is an officer of the Company or any of its affiliates);
 - (b) is a substantial shareholder of the Company or any of its affiliates; or
 - (c) has had a significant business or other contractual relationship with the Company or any of its affiliates within the last two years.

A person is “linked” to another person where:-

- (i) one person is accustomed to represent, or take instructions from, the other person;
- (ii) they are relatives; or
- (iii) one person is an entity, and the other person is a partner, shareholder, director or officer of that entity or its affiliate;

A person is deemed to have significant business relationship or contractual relationship with the Company or any of its affiliates if the aggregate value of the business transactions/contracts or other contracts entered into the parties within the last 2 years is RM1.0 million and above.

- 1.4.4 The maximum tenure of service of an Independent Director of the Company shall not exceed nine (9) years.
- 1.4.5 An Independent Director must immediately disclose to the Board any change in his circumstances that may affect his/her status as an independent director. In such case, the Board must review his/her designation as an Independent Director and notify BNM in writing of its decision to affirm or change the Independent Director’s designation.
- 1.4.6 The review of independence of an Independent Director shall be conducted annually and, as and when there is a change in circumstances which may affect the director’s status as an Independent Director.

1.5 NON-INDEPENDENT NON-EXECUTIVE DIRECTORS

- 1.5.1 A Non-Independent Non-Executive Director is not an employee of the Company and is normally a nominee of a shareholder of the Company.
- 1.5.2 Non-Independent Non-Executive Director acts as a bridge between Management and the Shareholders, and he/she provides the relevant checks and balances in the decision making of the Board, focusing on shareholders’ or other stakeholders’ interests.

1.6 BOARD SIZE AND COMPOSITION

- 1.6.1 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 shareholders/Board from time to time with a balance of skills, knowledge, experience and independence appropriate to the business of the Company.
- 1.6.2 Subject to the provisions of any shareholders’ agreement in writing as may be entered into between the Shareholders, the Company shall be managed by a Board comprised of seven (7) Directors.

The Board shall consist of:

- (a) three (3) Directors nominated by Generali Asia N.V. (“Generali Asia Director(s)”) i.e. one (1) Non-Independent Executive Director who shall also be the Chief Executive Director, one (1) Independent Non-Executive Director and one (1) Non-Independent Non-Executive Director.
- (b) four(4) Directors nominated by Multi-Purpose Capital Holdings Berhad (“MPCHB Director(s)”) i.e. one (1) Non-Independent Non-Executive Director and three (3) Independent Non-Executive Directors.

- 1.6.3 The Chairman of the Board shall be a MPCHB Director elected by the Board for such duration as may be approved by the BNM.
- 1.6.4 Each shareholder shall have the exclusive right to remove any or all of its nominee Directors and, subject to BNM's approval, fill any vacancy caused by such removal or the death, disability or resignation of any such Director.
- 1.6.5 At least two (2) members of the Board must be qualified or experienced in finance-related disciplines, which at minimum should be a university degree level, or have at a minimum five (5) years of working experience at managerial level in these disciplines. Finance-related disciplines include banking, insurance, takaful and investment.
- 1.6.6 The Board must not have more than one (1) Executive Director on the Board, unless BNM approves otherwise in writing
- 1.6.7 The Board must have a majority of Independent Directors on the Board at all times.
- 1.6.8 To ensure that the group interests are appropriately balanced against the fiduciary and statutory duties that Directors owe towards each legal entity they serve, Directors who are Board members of the Company and its affiliates must remain in the minority of the Company's Board if:
- (a) the affiliate is a holding company or subsidiary of the Company that is itself a financial institution; or
 - (b) there are strong operational dependencies between the Company and the affiliate.
- 1.6.9 On annual basis, the Board via the Nominating 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 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.

1.7 BOARD DIVERSITY

- 1.7.1 The Board recognises the importance of having a Board from diverse backgrounds, with knowledge and experience in disciplines such as legal, auditing, accounting, banking, marketing, information technology, business administration, investment management and risk management.

A diverse Board facilitates optimal decision making by harnessing different insights, perspectives, experience and exposure.

1.8 BOARD APPOINTMENTS

- 1.8.1. Subject to the provisions of any shareholders' agreement in writing as may be entered into between the Shareholders, the Board 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, but the total number of Directors shall not at any time exceed seven (7) Directors.
- 1.8.2 The appointment of Directors shall require the prior written approval of BNM pursuant to Section 54(2) of the FSA. All appointments of Directors are subject to the evaluation by the Nominating Committee and the approval by the Board before the applications are submitted to BNM for approval.
- 1.8.3 The Company must not make an application to BNM to appoint a director unless the Board is wholly satisfied, based on objective assessment that the candidate meets the minimum requirements set out in paragraphs 1.8.6 to 1.8.10, understands the expectations of the role and is able to meaningfully contribute to the Board.
- 1.8.4 Unless the written approval of the BNM has been obtained, the Company must not publicly announce the proposed appointment of a Director.
- 1.8.5 All Directors of the Company must fulfil the minimum requirements set out in paragraphs 1.8.6 to 1.8.10 at the time of his appointment and on a continuing basis.
- 1.8.6 All Directors of the Company must not be disqualified under Section 59(1) of the FSA, Section 130 of the Companies Act and must have been assessed by the Nominating Committee to have complied with the fit and proper requirements.

1.8.7 All Directors of the Company must fulfil the criteria of “a fit and proper person” for their appointment as a Director as prescribed under the FSA and the BNM Policy Document on Fit and Proper Criteria.. In addition, the Company has in place a Fit and Proper Policy to assess the fitness and propriety of the key responsible persons (including directors).

Any person appointed as a Director of the Company must satisfy the following fit and proper criteria:-

- (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 requirements of the business, the inherent risks and the management process required to perform his/her role as a director effectively.
- (c) Financial integrity – Person must manage his own financial affairs properly and prudently.

All Directors of the Company are required to make an annual declaration that they are not disqualified and that they fulfil the minimum criteria of “a fit and proper person” as prescribed in Section 59 and Section 60 of the FSA respectively.

1.8.8 A Director of the Company must not have competing time commitments that impair his/her ability to discharge his duties effectively.

1.8.9 A Director of the Company must not be an active politician. 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.

1.8.10 Where a firm has been appointed as an external auditor of the Company, any of its officers directly involved in the engagement and any partner of the firm must not serve or be appointed as a Director of the Company until at least two years after:

- (a) he ceases to be an officer or partner of that firm; or
- (b) the firm last served as an auditor of the Company.

1.8.11 The evaluation process and procedures for appointment of Directors of the Company prior to the submission to BNM for approval, are as follows:

- (a) The Nominating Committee shall meet up and engage with the nominated candidate to evaluate and ascertain the suitability of the candidate to be appointed as Director.
- (b) The Nominating Committee in evaluating the suitability of the proposed candidate for directorship should consider the following criteria/factors:
 - (i) Whether the candidate fulfils the requirements as set out in paragraphs 1.8.6 to 1.8.10 and any other criteria as may be prescribed by BNM from time to time.
 - (ii) Whether the candidate possesses the necessary qualification, training, skills, knowledge, expertise, practical experience and ability to perform his/her role as a Director of the Company effectively:
 - In the case where the candidate lacks certain specific skills, knowledge or experience to carry out his duties and responsibilities as a Director of the Company, to consider the steps to be taken to support the candidate in addressing the gaps.
 - Where there are gaps in the specific skills, knowledge or experience in the existing Board members, how is the candidate expected to address these gaps.
 - (iii) Whether the candidate has the commitment to effectively fulfil the role and responsibilities as a Director, having regard to his/her existing directorships and other commitments.
 - (iv) Whether the candidate is likely to work constructively with the existing Directors and contribute to the overall effectiveness of the Board.

- (c) In the case of the candidate nominated for the position of an Independent Director, the Nominating Committee will have to evaluate and determine whether the candidate is independent in character and judgement, and free from associations or circumstances that may impair the exercise of his judgement as an Independent Director, and whether the candidate fulfil the criteria for independent director as set out in paragraph 1.4.3.

The findings and recommendations of the Nominating Committee on the proposed candidate will be submitted to the Board for consideration and/or approval.

- 1.8.12 The Nominating Committee shall carry out a review on the Directors' compliance with the requirements set out in paragraphs 1.8.6 to 1.8.10 **on an annual basis**, and as and when the Board becomes aware of information that may materially compromise the Directors' fitness and propriety, or any circumstance that suggests that the Director is ineffective, errant or otherwise unsuited to carry out his responsibilities. A Director must immediately disclose to the Board any circumstance that may affect his/her ability to meet the minimum requirements.

Upon completion of the review, the Nominating Committee will submit its findings and recommendations to the Board.

- 1.8.13 Each Director must be given the terms of his appointment which must include:

- (a) the roles and responsibilities of the Director, including those arising from his/her membership in any Board committee;
- (b) the tenure of the appointment; and
- (c) provisions for the Director's removal in the event that he/she no longer meets the minimum requirements set out in paragraphs 1.8.6 to 1.8.10, or has been assessed to be ineffective, errant or otherwise unsuited to carry out his/her responsibilities.

Upon approval, the Board must ensure that each Director acknowledges the above terms of his/her appointment.

1.9 RE-APPOINTMENT OF DIRECTORS

- 1.9.1 The re-appointment of a Director on the Board of the Company, upon the expiry of his/her tenure of appointment as approved by BNM, is subject to the approval of BNM for the re-appointment pursuant to Section 54(2) of the FSA.

- 1.9.2 The Nominating Committee shall review and assess the suitability of a Director for re-appointment as Director of the Company prior to the expiry of the Director's tenure of appointment as approved by BNM. Directors proposed for re-appointment must fulfil the requirements as set out in paragraphs 1.8.6 to 1.8.10.

- 1.9.3 The Nominating Committee in evaluating the suitability of the Director for re-appointment shall consider, among others, the following criteria/factors:

- (a) Whether the Director fulfils the requirements as set out in paragraphs 1.8.6 to 1.8.10 and any other criteria as may be prescribed by BNM from time to time;
- (b) Whether the Director has acted in a manner which might cast doubt on his/her fitness, probity and propriety to hold the position as director of the Company;
- (c) Whether the Director has been a party to any action or decisions of board or management which was detrimental to the interests of the Company or its policy owners;
- (d) Whether the Director's qualification and experience have contributed to the effective function of the Board;
- (e) Whether the Director has the relevant competence, experience and ability to understand the technical requirements and the inherent risk of the Company's business;
- (f) Whether the Director was committed and dedicated in fulfilling his/her duties and responsibilities as a Director of the Company;
- (g) Whether the Director has accorded sufficient level of importance to governance issues to safeguard the integrity of the Company's activities and operations;
- (h) Whether the Director has participated constructively in the Board's deliberations in the manner that enhances the Board's ability to provide strategic directions to the Company and the ability to surface important issues,

provide sound advice and make appropriate suggestions for improvements on matters brought before the Board; and

- (i) In the case of a Director seeking re-appointment as an Independent Director, the Nominating Committee will have to evaluate and determine whether the Director continues to be independent in character and judgement, and free from associations or circumstances that may impair the exercise of his/her judgement as Independent Director, and whether the director fulfil the criteria for independent director as set out in paragraph 1.4.3.

1.9.4 The findings and recommendations of the Nominating Committee on the proposed candidate will be submitted to the Board for consideration and/or approval.

1.9.5 Unless the written approval of the BNM has been obtained, a Director whose tenure has expired and is being proposed for reappointment must immediately cease to hold office and act in such capacity, including by participating in Board meetings or holding himself/herself out as a Director.

1.10 RE-ELECTION OF DIRECTORS AT ANNUAL GENERAL MEETING

1.10.1 In accordance with the Articles of Association of the Company, one third (1/3) of the Directors shall retire by rotation at each Annual General Meeting of the Company and that a Director who is appointed during the year shall retire at the next following AGM of the Company.

1.10.2 The Nominating Committee shall review and assess the suitability of a Director for re-election at the AGM, and submit its findings and recommendations to the Board for consideration prior to the proposed re-election of Director being tabled to the shareholders for approval.

1.10.3 The Nominating Committee in evaluating the suitability of the director for re-election shall consider the criteria/factors as set out in paragraph 1.9.3 and that the term of appointment of the director as approved by BNM has not expired at the time of the AGM.

1.11 VACATION OF OFFICE AND REMOVAL OF DIRECTOR

1.11.1 Pursuant to Article 79 of the Company's Articles of Association, the office of a Director shall become vacant if the Director:

- (a) ceases to be a Director by virtue of the Companies Act;
- (b) becomes disqualified under Section 59(1) of the FSA;
- (c) no longer complies with any of the fit and proper requirements as may be specified by BNM under Section 60 of the FSA;
- (d) becomes bankrupt or makes any arrangement or composition with its creditor generally;
- (e) becomes prohibited from being a Director by reason of any order made under the Companies Act;
- (f) becomes unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental disorder;
- (g) resigns his office by notice in writing to the Company;
- (h) for more than 6 months is absent without the permission of the Board from meetings of the Board held during the period;
- (i) without the consent of the Company in general meeting holds any other office of profit under the Company, except that of managing director or manager;
- (j) is directly or indirectly interested in any contract or proposed contract with the Company and fails to declare the nature of his interest in the manner as required by the Companies Act;
- (k) is required to resign his office by notice in writing lodged at the office signed by the holder or holders of not less than three-fourth in nominal value of the issued shares of the Company; and
- (l) subject to the provisions of the Companies Act, at the conclusion of the annual general meeting commencing next after he/she attains the age of 70 years.

1.11.2 The Company shall have the right to remove any Director who no longer meets the requirements as set out in paragraphs 1.8.6 to 1.8.10, or has been assessed by the Board to be ineffective, errant or otherwise unsuited to carry out his/her responsibilities.

1.11.3 Pursuant to Article 77 of the Company's Articles of Association, the Company may by ordinary resolution remove any Director before the expiration of his period of office, subject to the provisions of Section 128 of the Companies Act and any shareholders' agreement in writing as may be entered into between the Shareholders.

- 1.11.4 Pursuant to Article 75(l)(c) of the Company's Articles of Association, each Shareholder shall have the exclusive right to remove any or all of its nominee Directors, and subject to BNM's approval, fill any vacancy caused by such removal or the death, disability or resignation of any such Director.
- 1.11.5 The written approval of BNM must be obtained before:-
- (a) the Company removes an Independent Director (excluding terminations in accordance with statutory requirements, such as under section 61(2)(a) of the FSA); and
 - (b) an Independent Director resigns from this position.

1.12 ANNUAL BOARD EVALUATIONS

- 1.12.1 The Board through the Nominating Committee shall carry out annual evaluations to objectively assess the performance and effectiveness of the Board, Board Committees and individual Directors.
- 1.12.2 The Board shall periodically engage external consultants or experts to assist in and lend objectivity to the annual evaluations, if necessary.

1.13 DIRECTORS' TIME COMMITMENT AND OTHER DIRECTORSHIPS

- 1.13.1 A Director must devote sufficient time to carry out his/her responsibilities as a Director of the Company, which shall include the following:
- (a) To devote sufficient time to prepare and attend Board and Board Committees' meetings;
 - (b) To maintain a sound understanding of the business of the Company as well as the relevant market and regulatory developments;
 - (c) To attend on-going training and education to keep abreast with the changes in the relevant market/business developments and regulatory changes.
- 1.13.2 A Non-Executive Director of the Company shall not hold more than twenty five (25) directorships (including the directorship in the Company).
- 1.13.3 Subject to the approval of BNM, an Executive Director of the Company may hold directorships in up to a maximum of 5 entities (including directorships in the Company).
- 1.13.4 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.

1.14 BOARD DEVELOPMENT

- 1.14.1 The Nominating Committee shall oversee the training needs of the Directors.
- 1.14.2 All newly appointed Directors of the Company are required to attend:
- (a) orientation programme conducted by the Company within 3 months from their date of appointment to familiarise themselves with the Company's organisation structure, business and the insurance industry;
 - (b) Financial Institution Directors' Education ("FIDE") Programme organised by the Iclif Leadership and Governance Centre within one year from the date of their appointment
- 1.14.3 The Board shall dedicate sufficient resources toward the on-going development of its Directors. This includes dedicating an adequate budget, having in place development plans for Directors and regularly updating such plans to ensure that each Directors possess the knowledge and skills necessary to fulfil his/her responsibilities.

1.15 ACCESS TO INFORMATION AND ADVICE

- 1.15.1 The Board shall have unrestricted access to the Management and the information pertaining to the Company (including the Company's auditors and consultants).
- 1.15.2 The Board collectively and each Director individually may obtain independent professional advice as is considered necessary to fulfil their duties and responsibilities at the Company's expense.
- 1.15.3 Individual Board members seeking such advice must obtain the approval of the Chairman (which may not be unreasonably withheld) and the advice shall be made available to all Board members as appropriate.

1.16 CONFLICT OF INTEREST POLICY/RULES

- 1.16.1 Directors have the duty to act in the best interests of the Company and should ensure that this duty is not impaired in any way. The personal interests of a Director or persons connected with the Director must not be allowed to prevail over the interests of the Company or its shareholders. This includes the interests of a spouse, parent, child or sibling of the Director or any company, corporation, partnership, trust or other entity owned or controlled by the Director or in which the Director has substantial interests (stake of 5% and above) ("Persons Connected to the Director").
- 1.16.2 Directors should refrain from placing themselves in a situation where these interests, whether professional or personal, would or would likely to be directly or indirectly in conflict with the interests of the Company.
- 1.16.3 A conflict of interest exists when a Director's personal or business interest interferes, or even appears to interfere, in any way with the interests of the Company.
- 1.16.4 Conflict of interest may arise in several situations. Typical categories are and by no means exhaustive:
 - (a) Where Directors have a direct or indirect material interest in transactions that the Company enters into;
 - (b) Where Directors hold positions or offices or possess property that may result in conflicting duties; or
 - (c) Where Directors stand to benefit from information received by them or opportunities made available to them in their capacity as Directors or officers.

1.17 SITUATIONS DIRECTORS SHOULD AVOID

- (a) Directors should avoid competing with the Company for business opportunities.
- (b) Directors should refrain from improperly using their position in the Company, or information acquired by virtue of their position, to directly or indirectly obtain benefits for themselves or the Persons Connected to the Directors. This is especially so where it could lead to adverse consequence for or detriment to the Company.
- (c) Directors should exercise reasonableness and refrain from accepting gifts from customers, existing or potential business partners, or members of the public inappropriately that may be construed as having the potential to influence business decisions recommended or made by the Director.
- (d) Directors should avoid making improper use of information acquired as Director or assets of the Company which have been entrusted to him or her as Director. Directors should use such information and assets only in furtherance of the Company's interests, and should not use such information and assets to further their own interests or the interests of persons connected to them.

1.18 DISCLOSURE OF CONFLICT OF INTEREST

- (a) It is recognised that conflict of interest situation are sometimes unavoidable due to the complex and multi-faceted business environment in which the Company operates.
- (b) In cases where such conflict situation exists, Directors must immediately disclose to the Board all conflicts of interest that have occurred or may possibly occur as soon as the Director is aware of a conflict or the possibility of a conflict.

Directors shall make such disclosure containing details of the interest and the nature of conflict of interest to the Company Secretary, who will disseminate the information to the Board as soon as practicable and arrange for the disclosure to be tabled at the following Board meeting.

- (c) Directors are required to make declaration at the Board Meeting in the event that they have interests in the proposals or contracts or subject matters being considered by the Board, including where such interest arises through Persons Connected to the Director.
- (d) Pursuant to Article 91 of the Articles of Association, a Director shall not vote in respect of any contracts in which he is interested, or any matter arising thereat, and if he does so vote his vote shall not be counted.

1.19 DISCLOSURE OF INTEREST IN CONTRACTS

- (a) Pursuant to section 58 of the FSA, a Director is required to disclose to the Board the nature and extent of his interest in a material transaction or material arrangement, and if such material transaction or material arrangement is being deliberated during a board meeting, to be absent from the meeting during such deliberation.
- (b) For purpose of section 58(4) of the FSA, BNM specifies the following:
 - (i) an existing or proposed transaction or arrangement will be considered “material” if it is one which a director is required to declare under Section 131 of the Companies Act, unless the director or any person linked to him cannot reasonably be expected to derive a benefit or suffer a detriment from the transaction or arrangement in a way that will place the director in a position of conflict; and
 - (ii) if material transaction or arrangement is being deliberated at a Board meeting, before the commencement of that deliberation.
- (c) Pursuant to section 131(1) of the Companies Act, a Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall, as soon as practicable after the relevant facts have come to his knowledge, declare the nature of his interest at a Board meeting of the Company.
- (d) The above requirements of section 131(1) of the Companies Act shall not apply in the case where the interest of the director consists only of being a member or creditor of a corporation which is interested in a contract or proposed contract with the Company if the interest of the Director may properly be regarded as not being a material interest.
- (e) A Director of the Company shall not be deemed to be interested or to have been at any time interested in any contract or proposed contract by reason only:-
 - (i) in a case where the contract or proposed contract relates to any loan to the Company that he has guaranteed or jointly in guaranteeing the repayment of the loan or any part of the loan: or
 - (ii) in a case where the contract or proposed contract has been or will be made with or for the benefit of or on behalf of a related corporation (by virtue of section 6 of the Companies Act) that he is also a Director of that corporation.
- (f) For purposes of section 131(1) of the Companies Act, a general notice given to the Directors of the Company by a Director to the effect that he is an officer or member of a specified corporation or a member of a specified firm and is to be regarded as interested in any contract which may, after the date of the notice, be made with that corporation or firm shall be deemed to be a sufficient declaration of interest in relation to any contract so made if:
 - (i) it specifies the nature and extent of his interest in relation to any contract so made; and
 - (ii) his interest is not different in nature or greater in extent than the nature and extent so specified in the general notice at the time any contract is so made.

However, no such notice shall be effective unless either it is given at a Board meeting or the Director takes reasonable steps to ensure that it is brought up and read at the next Board meeting after it is given.

(Note: For the purpose of section 131 of the Companies Act, an interest of the spouse of a Director of the Company (not being herself or himself a Director of the Company) and an interest of a child, including adopted child or stepchild, of a Director of the Company (not being herself or himself a director of the Company) in the shares or debenture of a company, shall be treated as an interest in the contract or proposed contract.)

1.20 DISCLOSURE OF INTEREST IN PROPERTY AND OFFICES

Pursuant to section 131(5) of the Companies Act, a Director of the Company who holds any office or possesses any property whereby whether directly or indirectly duties or interests might be created in conflict with his duties or interests as Director shall declare at a Board meeting of the Company the fact and the nature, character and extent of his conflict.

The declaration shall be made at the first Board meeting held:

- (a) after he/she becomes a Director; or
- (b) (if already a Director) after he commenced to hold the office or to possess the property.

1.21 ANNUAL DISCLOSURE OF DIRECTORS' INTEREST

In ensuring that the decision making process of the Board is transparent and to the interest of the Company, all Directors (including the Chief Executive Officer) are required to declare their interest and directorships in other entities on an annual basis.

1.22 MAINTENANCE OF RECORDS OF DISCLOSURE OF INTEREST

The Company Secretary shall be responsible to:

- (a) record every disclosure or declaration by a director in the minutes of the Board meeting at which it was made; and
- (b) maintain the records of the disclosure or declaration made.

1.23 COMPLIANCE PROCEDURES OF THE CONFLICT OF INTEREST POLICY

Directors should communicate any suspected violations of the Conflict of Interest Rules/Policy promptly to the Chairman of the Board. If suspected violations involve the Chairman of the Board, they should be communicated to the Chairman of the Audit Committee. Suspected violations will be investigated by the Board or by a person or persons designated by the Board and appropriate action will be taken in the event it is determined that any violation of the Conflict of Interest Policy has occurred.

2 Board Structures And Procedures

2.1 BOARD MEETINGS

- 2.1.1 The Board shall meet not less than once in every two (2) months. Additional Board meetings shall be convened at the written request of the Chairman or of at least two (2) other Directors.
- 2.1.2 A Director must attend at least 75% of Board meetings held in each financial year, and must not appoint an alternate Director or another person to attend or participate in a Board meeting on his/her behalf.

- 2.1.3 Board meetings may be conducted, and any Director may attend any such meetings, by telephone conference, video conference or any similar means of audio or audio-visual communication by which all Directors participating may hear and/or see each other.

However, the Board must ensure that the attendance by a Director at Board meetings, **by telephone conference, video conference or similar means of audio or audio visual communication**, remains the **exception** rather than the norm, and is subject to appropriate safeguards to be taken to preserve the confidentiality of the Board's deliberations.

- 2.1.4 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 must indicate whether any director abstained from voting or excused himself from deliberating on a particular matter.
- 2.1.5 The Board shall have full access to the advice of third party experts or professionals on any matters deliberated by the Board as and when required and the cost of such advice shall be borne by the Company.

2.2 PROCEEDINGS OF BOARD MEETINGS

- 2.2.1 At least seven (7) Business Days' prior notice of Board meetings, together with an agenda, shall be given to all Directors, except that any item that is subject to Supermajority Approval may not be included in an agenda unless notice of such item has been given to all of the Directors at least fourteen (14) days prior to the date scheduled for such meeting, unless such minimum notice requirement is waived by all of the Directors.
- 2.2.2 Any Director may submit items for the agenda of each Board meeting only by delivering a notice describing such items to the Company at least:
- (a) fourteen (14) Business Days before the date scheduled for such meeting in respect of items proposed to be tabled (whether or not subject to Supermajority Approval); and
 - (b) five (5) Business Days before the date scheduled for such meeting in respect of any additional items proposed to be tabled at such Board meeting, if the item is not subject to Supermajority Approval and subject to the provision of a valid reason by the Director for the urgency of such late submission.

In either case, the Company shall send to the Board, as soon as practicable prior to such Board Meeting, an updated agenda including such items.

2.3 VOTING AT BOARD MEETING

- 2.3.1 Each Director shall be entitled to one (1) vote each. The Chairman of the Board shall have the right to vote as a Director on all matters submitted to the Board for a vote. In the event of equality of votes, the Chairman shall not have a casting vote.
- 2.3.2 Unless a greater percentage of votes is required by the applicable laws, and except as otherwise provided in the Articles of Associations and/or any shareholders' agreement in writing as may be entered into between the Shareholders, any action, determination, judgment or recommendation (as the case may be) taken by the Board shall be taken by the **affirmative vote of a simple majority of the Directors present at a duly convened meeting at which a quorum is present**.

2.4 BOARD RESERVED MATTERS

- 2.4.1 Approving Authority Chart

The Board has adopted Authority Charts which set out the matters specifically reserved for its decision and those that are delegated to the Management and the relevant approving authority limits of the Management.

- 2.4.2 Reserved Matters in the Articles of Association of the Company

- (a) Pursuant to the Articles of Association of the Company, none of the reserved matters set out in **Appendix A** may be made or incurred by or on behalf of the Company without **the affirmative vote** of a majority of the Directors at a duly convened meeting of the Board that includes the vote of a Generali Asia Director and a MPCHB Director or by way of a circular written resolution signed by a majority of the Directors that includes a Generali Asia Director and a MPCHB Director ("**Board Reserved Matters**").
- (b) In the event a resolution in respect of a Board Reserved Matter set out in **Appendix A** is not duly approved in accordance with item 2.4.2(a) after having raised and considered at 2 consecutive Board Meetings or as a result of the lack of quorum at two (2) consecutive Board meetings, that resolution shall be deemed to be a Shareholders' Reserved Matter which shall be referred to the Shareholders and requires the approval of Shareholders through the affirmative votes of MPCHB and Generali Asia.
- (c) The Board may delegate any of its powers, duties or authority to any Committee or any person, as it deems appropriate from time to time, provided that any action, determination, judgment or recommendation (as the case may be) in relation to a Board **Reserved Matter** shall not be delegated and shall be determined in accordance with paragraph 2.4.2(a).

2.5 QUORUM FOR BOARD MEETINGS

- 2.5.1 A quorum of the Board necessary to duly convene and validly hold a Board meeting shall consist of not fewer than a majority of the total number of Directors, of whom at least two (2) shall be Generali Asia Directors and at least two (2) shall be MPCHB Directors.
- 2.5.2 No business shall be transacted at any meeting of the Board unless a quorum is present at the beginning of and throughout each meeting.
- 2.5.3 No Director may refrain from attending a meeting of the Board in order to frustrate the establishment of a quorum.

2.6 COMPANY SECRETARY

- 2.6.1 Any person appointed as the Company Secretary must not be disqualified under Section 139C of the Companies Act and has been assessed by the Nominating Committee to have met all the fit and proper criteria based on the BNM Policy Document on Fit and Proper Criteria and the Company's Fit and Proper Policy relating to:
 - (i) probity, personal integrity and reputation;
 - (ii) competency and capability; and
 - (iii) financial integrity.
- 2.6.2 The Company Secretary is responsible for supporting the effective functioning of the Board. In discharging this role, the Company Secretary provides counsel to the Board on governance matters and facilitates effective information flows between the Board, the Board Committees and Senior Management.
- 2.6.3 The Company Secretary shall keep confidential the affairs of the Company and its officers at all times. Accordingly, where the Company Secretary also serves as Company Secretary of the Company's affiliates, he/she shall not disclose the affairs of the Company or its officers to the affiliates except with the knowledge and consent of the Company.
- 2.6.4 The Company Secretary must not have competing time commitments that may impair his/her ability to discharge his/her duties effectively.

Unless BNM approves otherwise in writing, the Company Secretary of the Company must devote the whole of his/her professional time to the affairs of the Company and its affiliates. This does not preclude the Company Secretary from carrying out other responsibilities for the Company or its affiliates where these responsibilities do not conflict with his/her responsibilities to the Board.

- 2.6.5 Where the Board or the Nominating Committee has assessed that the Company Secretary no longer demonstrates the qualities specified in paragraph 2.6.1, the Board must take immediate steps to reduce the risks associated with the person continuing to hold the position and remove the person from such position as soon as practicable.

2.6.6 The appointment and removal of the Company Secretary must be approved by the Board.

3 Board Committees

3.1.1 The Board has established the following Board Committees to support and assist the Board in specific areas of responsibilities as set out in their respective terms of reference:-

- (a) Nominating Committee
- (b) Remuneration Committee
- (c) Risk Management Committee
- (d) Audit Committee

3.1.2 The Board Committees deliberate in greater details and examine the issues within their terms of reference and make the necessary recommendations to the Board. The Board shall remain fully accountable for any authority delegated to the Board Committees.

3.1.3 Each Board Committee must

- (a) have at least 3 Directors;
- (b) have a majority of Independent Directors;
- (c) not have any Executive Director in its membership, except for Nominating Committee [effective 3 August 2019],
- (d) be chaired by an Independent Director; and
- (e) comprise Directors who have the skills, knowledge and experience relevant to the responsibilities of the Board Committee.

3.1.4 To promote robust and open deliberations by the Board on matters referred by the Board Committees, the Chairman of the Board must not chair any of the Board Committees.

3.1.5 The Terms of Reference of the Board Committees are set out in the Appendices B, C, D and E.

3.1.6 The Board Committees shall have sufficient support and resources required to investigate matters within its terms of reference.

4 Senior Management

4.1 CHIEF EXECUTIVE OFFICER (“CEO”)

4.1.1 The CEO, in leading the senior management, bears the primary responsibility over the day-to-day management of the Company.

The responsibilities of the CEO shall include the following:-

- (a) To ensure the effective supervision and control of the day-to-day general management and business operations of the Company. These include ensuring the solvency of the Company and the ability of the Company to meet its contractual obligations and to safeguard its assets.
- (b) To implement the business and risk strategies, remuneration and other policies in accordance with the direction given by the Board, and to ensure effective implementation thereof.
- (c) To establish a management structure that promotes accountability and transparency throughout the Company's operations and preserves the effectiveness and independence of control functions.
- (d) To promote, together with the Board, a sound corporate culture within the Company which reinforces ethical, prudent and professional behaviour.
- (e) To establish and implement sound internal controls, compliance and risk management systems that commensurate with the nature, scale and complexity of the business and structure of the Company.

- (f) To ensure that an effective management succession plan is in place to sustain the continuity of the business operations of the Company;
- (g) To address any actual or suspected breaches of regulatory requirements or internal policies in a timely and appropriate manner.
- (h) To regularly update the Board with material information that the Board needs to carry out its oversight responsibilities, particularly on matters relating to:
 - (i) the performance, financial condition and operating environment of the Company;
 - (ii) internal control failures, including breaches of risk limits; and
 - (iii) legal and regulatory obligations, including supervisory concerns and the remedial actions taken to address them.

4.1.2 The CEO must not be disqualified under Section 59(1) of the FSA and must have been assessed to have complied with the requirements under the Company's Fit and Proper Policy.

4.1.3 A substantial shareholder must not hold a CEO or senior management position.

4.1.4 The CEO must devote the whole of his professional time to the service of the Company unless BNM approves otherwise in writing. BNM may allow a CEO to assume a position of responsibility outside the Company if BNM is satisfied that the proposed position does not:

- (a) create substantial conflicts of interest or demands on the CEO's professional time; and
- (b) result in the CEO holding directorships in more than five entities other than the Company.

(Note: Pursuant to Paragraph 17.4 of the BNM PD on Corporate Governance, the BNM's approval is not required for a CEO to hold a non-executive position in a professional body, industry association, statutory body, charitable body or other non-commercial public-interest entity, unless the Bank specifies otherwise.)

4.1.5 The CEO must be assessed against the minimum requirements as set out in paragraphs 4.1.2 to 4.1.4 at least annually, and as and when the Board becomes aware of information that may materially compromise the CEO's fitness, probity and propriety, or any circumstances that suggests that the CEO is ineffective, errant or otherwise unsuited to carry out his responsibilities. It is the responsibility of the CEO to immediately disclose to the Board any circumstances that may affect his ability to meet the minimum requirements.

4.1.6 The Company must not make an application to the BNM to appoint or reappoint the CEO unless the board is wholly satisfied, based on its objective assessment, that the candidate meets the minimum requirements set out in paragraphs 4.1.2 to 4.1.4.

4.1.7 Unless the written approval of the BNM has been obtained:

- (a) the Company must not publicly announce the proposed appointment of CEO; and
- (b) CEO whose tenure has expired and is being proposed for reappointment must immediately cease to hold office and act in such capacity, or holding himself out as the CEO.

Note:

In respect of the Board Procedures in this Board Charter, where there are inconsistencies between the Board Charter and the Articles of Association, the provisions in the Articles of Association shall prevail.

5 Definitions

Affiliate	:	In relation to an entity, refers to any corporation that controls, is controlled by, or is under common control with, the entity.
Board	:	Board of Directors of the Company
BNM PD on Corporate Governance	:	Bank Negara Malaysia's Policy Document on Corporate Governance
Business	:	The Company is licensed under the FSA to engage in the general insurance business in Malaysia.
Business Days	:	Any day (other than a Saturday, Sunday or a public holiday in Kuala Lumpur, Malaysia, Hong Kong and Milan, Italy) on which banks are open for general banking business with the public in Kuala Lumpur, Malaysia, Hong Kong and Milan, Italy.
Company	:	MPI Generali Insurans Berhad
Companies Act	:	Companies Act, 1965
Encumbrances	:	Means and includes any interest or equity of any Person (including without prejudice to the generality of the foregoing, any right to acquire an option or right of pre-emption or conversion) or any mortgage, charge, pledge, lien, assignment, hypothecation, security interest, title retention or any other security agreement or arrangement or any agreement to create any of the above.
Executive	:	Any individuals who has management responsibilities in the Company or any of its affiliates (whether or not he is an officer of the Company or any of its affiliates)
Executive Director	:	A director of the Company who as management responsibilities in the Company or any of its affiliates
FSA	:	Financial Services Act, 2013
Key Officers	:	The Chief Executive Officer ("CEO"), Chief Financial Officer, Chief Investment Officer, Head of Actuary, Head of Internal Control and such other persons with such titles as the CEO may determine from time to time
MPCHB	:	Multi-Purpose Capital Holdings Berhad
Shareholders	:	Generali Asia and MPCHB, and " Shareholder " shall mean any one of them as the context requires
Generali Asia	:	Generali Asia N.V.
Non-Executive Director	:	A director who is not an Executive Director
Non-Independent Director	:	A director who is not an Independent Director
Independent Director	:	A director who is "independent" within the meaning of paragraphs 1.4.2 and 1.4.3 of this Board Charter.
Supermajority Approval		The affirmative votes of Generali Asia and MPCHB at a duly convened Shareholders or by way of a circular written resolution signed by Generali Asia and MPCHB

6 Board Reserved Matters

- (a) Any repayment of any Shareholder loans or changes to the dividend policy of the Company;
- (b) Any determination that funding contributions shall be made by the Shareholders (if required), including the additional funding required for purposes set out in Article 49(l) of the Company's Articles of Association;
- (c) Other than reinsurance arrangements or agreements entered into by the Company, entering into, waiving, modifying or terminating any material agreement including without limitation to any contract, loan, guarantee or other arrangement, commercial transaction or business arrangement between the Company, on the one hand, and any Shareholder or any Affiliate thereof, on the other hand;
- (d) To effect any operational change to the Business;
- (e) The approval of the Company's material reports to, and filings with BNM and any relevant governmental authority;
- (f) To define, determine, adopt or effect any changes to the management policy (including investment and financial policy) or to define or change the definition of the powers of any of the Key Officers or any other senior management personnel of the Company;
- (g) Any change to the size, composition, duties, terms of reference or principles governing the Board, or any Committees, including the delegation to the Board, or any Committees of responsibility for a Reserved Matter;
- (h) Any appointment and/or removal of key employees of the Company and matters relating to their remuneration;
- (i) Any material alteration, amendment, assignment, novation or termination of any bancassurance agreements and/or arrangements entered into with any party;
- (j) The sale, transfer, conveyance, merger, charge, mortgage, issue, licence, exchange, lease or other disposition of any material part of the Company's undertaking, property, stock assets or of any immovable property of the Company, whether in one (1) transaction or a series of related transactions;
- (k) The acquisition by purchase, lease, licence or otherwise of any immovable property exceeding the value equivalent to five percent (5%) of the total assets of the Company in any one (1) transaction or in an amount or aggregated amounts exceeding the amount in the approved Business Plan;
- (l) The granting of any guarantee or indemnity or other security by the Company, other than in the normal course of business or as approved in the annual Business Plan;
- (m) The purchase of fixed assets exceeding RM1 million in any one (1) transaction or in an amount or aggregated amounts exceeding the amount in the approved Business Plan;
- (n) The entry by the Company into any contract or transaction except in the ordinary and proper course of business on arm's length terms;
- (o) The entry by the Company into any new reinsurance treaty programme or offshore reinsurance contract resulting in the assumption of offshore liabilities;
- (p) Appointment and removal of the Company's bankers or company secretary;
- (q) Opening or closing any bank accounts of the Company or any amendment to the signatory or signing authorities;
- (r) Effecting changes in the accounting policies and methods of the Company;
- (s) Effecting material changes to any methodologies, technologies or processes relating to claims, underwriting, pricing, commissions payable to distributors, and any other material methodologies, technologies or processes of the Company;
- (t) Effecting material changes or updates to the Company's underwriting and claims manuals and other related documents outside of the review of these materials which form part of the preparation of the annual Business Plan;

- (u) The establishment of any special reserves, provisions or retentions not in the ordinary course of business and the application or utilization of the same;
- (v) Acquiring shares in any company or disposing of any shares in any company or acquiring or disposing of any loans or loan capital exceeding 5% of the net asset of the Company (total assets less total liabilities of the Company);
- (w) Creating any fixed or floating charge, lien (other than a lien arising by operation of law) or other Encumbrances over the whole or any part of the Company;
- (x) Any change of the financial year or registered office of the Company;
- (y) Making, amending or terminating any arrangement relating to licensing, patents, know-how or trademarks, whether with the Shareholders or otherwise;
- (z) Making any capital expenditure in excess of RM1 million in any financial year other than in accordance with the annual budget agreed between the Shareholders or as set out in the Business Plan;
- (aa) Taking any action in relation to pensions, retirement schemes, share option, profit-sharing or bonus schemes or any other executive or employee benefits;
- (bb) Granting any power of attorney or delegating the Directors' powers;
- (cc) Commencing, defending or settling any litigation, arbitration or other proceedings which are material in the context of the Company's business other than routine debt collection or arising from an insurance contract, any such items referred to in any agreement entered into between the shareholders in any particular case or the institution of any proceedings by the Company to avoid, dispute, resist, compromise, defend or appeal against any claim against the Company which may give rise to such a claim which will in turn be managed in accordance with the terms of any agreement entered into in any particular case;
- (dd) Any commitment or expenditure in excess of that provided for in the relevant annual approved Business Plan;
- (ee) Any transaction not in the ordinary course of business in an amount exceeding RM1 million;
- (ff) The adoption and approval of the annual Business Plan, annual policies, annual budgets of the Company and any reports or statements accompanying the same or make any alteration to the Business Plan;
- (gg) Making any political or charitable donation or any giving of gift, where (i) such gift amounts to a value exceeding RM5,000 per gift; or (ii) the giving of gift is not done in compliance with applicable laws;
- (hh) Setting up or closing down any branch or office; and/or
- (ii) Any agreement to effect and implement any of the foregoing actions notwithstanding that it is not a condition precedent in that particular agreement to obtain the consent of the Board for the relevant action(s).