

AmMetLife Takaful Berhad

BOARD CHARTER

1. Introduction

- 1.1 The Board of Directors (the “Board”) regard sound Corporate Governance as vital to the success of the Company’s business and are unreservedly committed to applying the principles necessary to ensure that the following principles of good governance is practised in all of its business dealings.
- i) The Board is the focal point of the Company’s Corporate Governance system. It is ultimately accountable and responsible for the performance and affairs of the Company.
 - ii) All Board members are expected to act in a professional manner, thereby upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.
 - iii) All Board members are responsible to the Company for achieving a high level of good governance.
- 1.2 This Board Charter shall constitute, and form, an integral part of each Director’s duties and responsibilities.
- 1.3 The objectives of this Board Charter are to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members and the various legislations and regulations affecting their conduct and that the principles and practices of good Corporate Governance are applied in all their dealings in respect, and on behalf of, the Company.

2. Board Governance Roles

2.1 Board Composition

- 2.1.1 The maximum number of Directors shall be not more than nine members.
- 2.1.2 At any one time, the Board shall comprise of majority Independent Directors.
- 2.1.3 The Chairman must be a Non-Executive member of the Board and must not have served as Chief Executive Officer (“CEO”) of the Company in the past five years.
- 2.1.4 Directors of the Company may also sit in the Board of the Company’s subsidiaries to contribute to Group oversight and alignment but such Directors must remain as the minority of the Company’s Board as stipulated in the Bank Negara Malaysia (“BNM”) Guidelines.

2.1.5 The Board members should have wide ranging experience, skills and knowledge that add value to the Company. The Board shall consider recommendations by the Nomination and Remuneration Committee pertaining to nominees for directorship in the Company.

2.2 Role of the Board

2.2.1 The Board has overall responsibility for promoting the sustainability growth and financial soundness of the Company. Each Director has a legal duty to act in the best interest of the Company. The Directors, collectively and individually, are aware of their responsibilities to shareholders and stakeholders for the manner in which the affairs of the Company are managed. The Board sets the Company's values and standards and ensures that its obligations to its shareholders and stakeholders are understood and met.

2.2.2 The Board understands that the responsibility for good Corporate Governance rests with it and therefore strives to inculcate good governance as set out in applicable laws and regulations including without limitation the guidelines and directives as may be issued by BNM and other regulatory authorities which may be applicable to the Company from time to time ("Laws").

2.2.3 The Board assumes the following duties, having regard to the interests of all the stakeholders of the Company –

i) **Approve and monitor strategy**

Reviewing and approving the strategic business plans of the Company as a whole and that of the individual operating units. This encompasses the annual budget, medium term aspirations, new investments/divestments as well as mergers and acquisitions.

ii) **Oversee conduct of the business**

Oversee conduct of the business to ascertain its proper management including setting clear objectives and policies within which senior executives are to operate.

iii) **Oversee risk management, governance and internal controls**

The Board shall oversee the effective design and implementation of the Company's governance and reporting framework, internal controls and management information systems for compliance with applicable laws, rules, regulations, directives and guidelines. The Board shall periodically review whether these remain appropriate in light of material changes to the nature, scale and complexity of the business and structure of the Company. The Board shall identify and approve policies pertaining to the management of all risk categories including but not limited to, credit, financial, market, liquidity, operational, legal and reputational risks.

iv) **Promote a strong culture of professionalism and ethics**

The Board shall promote, together with Senior Management, a sound corporate culture that reinforces ethical, prudent and professional behaviour by adopting a code of ethics and conduct that set out standards of behaviour and conduct that must be followed by all employees.

v) **Oversee appointment, performance, remuneration and succession planning of the Board, CEO, Senior Management and the Company Secretary**

The Board shall be responsible for appointing, evaluating, remunerating and planning for the succession of Directors, CEO, Senior Management and the Company Secretary.

vi) **Oversee recovery and business continuity plans**

The Board shall oversee and approve recovery and business continuity plans for the Company to restore its financial strength, critical operations and critical services when it comes under stress.

vii) **Oversee communications with stakeholders**

The Board shall ensure the development and implementation of a communication policy for the Company that enables effective communication with shareholders, regulators and other stakeholders.

viii) **Promote sustainability in Company's business strategies**

The Board shall promote sustainability through appropriate environmental, social and governance considerations in the Company's business strategies.

2.3 Role of Chairman and CEO

The Company aims to define clearly the authority of the Chairman and the CEO with a clear vision of responsibility between the running of the Board and the Company's business respectively. The positions of Chairman (i.e. non-executive Chairman) and CEO are separate and clearly defined.

Role of Chairman

2.3.1 The Chairman is responsible for instilling good corporate governance practices, leadership and overall effectiveness of the Board. The Chairman is responsible for –

- i) leading the Board in setting the values and standards of the Company.
- ii) ensuring that appropriate procedures are in place to govern the Board's operation.

- iii) maintaining a relationship of trust with and between the Executive and Non-Executive Directors.
 - iv) ensuring 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.
 - v) ensuring the provision of accurate, timely and clear information to Directors.
 - vi) encouraging healthy discussion and ensuring that dissenting views can be freely expressed and discussed.
 - vii) Leading efforts to address the Board's developmental needs.
- 2.3.2 The Chairman is responsible for managing the business of the Board to ensure that -
- i) all Directors are properly briefed on issues arising at Board meetings.
 - ii) sufficient time is allowed for the discussion of complex or contentious issues and, where appropriate, arranging for informal meetings beforehand to enable thorough preparation for the Board discussion.
 - iii) the issues discussed are forward looking and concentrate on strategy.
- 2.3.3 The Chairman ensures that every Board resolution is put to vote to ensure the will of the majority prevails.

Role of CEO

- 2.3.4 The CEO is the conduit between the Board and the Management in ensuring the success of the Company's governance and management functions.
- 2.3.5 The appointment of CEO is governed by the Laws and the Constitution of the Company as well as the Company's rules, regulations and policies as may be issued from time to time ("Internal Guidelines").
- 2.3.6 The CEO must be in full-time employment.
- 2.3.7 The CEO has the executive responsibility for the day-to-day operation of the Company's business.
- 2.3.8 The CEO implements the policies, strategies and decisions adopted by the Board.

2.4 Role of Individual Directors

2.4.1 Directors are expected to demonstrate at all times that they :-

- i) act in good faith in the best interests of the Company;
- ii) exercise reasonable care, skill and diligence with: -
 - a) the knowledge, skill and experience which may reasonably be expected of a Director having the same responsibilities; and
 - b) any additional knowledge, skill and experience which the Director has;
- iii) only exercise powers conferred on them for the purposes for which such powers are conferred; and
- iv) exercise sound and independent judgment.

2.4.2 Independent Directors shall provide independent and objective judgment, experience and objectivity without being subordinated to operational considerations.

2.4.3 Independent Directors must immediately disclose to the Board any change in circumstances that may affect his status as an Independent Director.

2.5 Role of the Company Secretary

2.5.1 The Board appoints the Company Secretary who reports directly to the Board to facilitate effective information flow between the Board, the Board Committees and Senior Management and is the source of guidance and advice to the Directors on areas of corporate governance, relevant legislation, regulations and policies.

2.5.2 The Company Secretary attends Board and Board Committees meetings and is responsible for the accuracy and adequacy of records of the proceedings of Board and Board Committees meetings.

2.6 Role of Board Committees

2.6.1 The Board may from time to time establish Committees to assist it in carrying out its responsibilities and shall adopt Terms of References setting out matters relevant to the composition, responsibilities and administration of such Committees, and other matters that the Board may consider appropriate.

2.6.2 The Board Committees which are created to assist the Board in certain areas of deliberations are -

- i) Nomination and Remuneration Committee
- ii) Audit and Examination Committee
- iii) Risk Management Committee

The criteria for the membership are based on a Director's skills and experience, as well as his ability to add value to the Board Committee.

The role of the respective Board Committees are as summarised below -

i) **Nomination and Remuneration Committee**

The Nomination and Remuneration Committee ("NRC") is primarily responsible for -

- Regularly reviewing the board structure, size and composition, as well as making recommendations to the Board of the Company with regard to any changes that are deemed necessary.
- Recommending the appointment of Directors to the Board and Committees of the Board as well as annually review the mix of skills, experience and competencies that Non-Executive and Executive Directors should bring to the Board.
- On an annual basis, assessing the effectiveness of the Board as a whole and the Committees as well as the contributions of the Chairman and each Director to the effectiveness of the Board.
- Recommending the appointments of CEO and Senior Management, and the Company Secretary to the Board.
- Ensuring sufficient resources are dedicated towards the on-going development of Directors.
- Recommending to the Board the framework/methodology for the remuneration of the Directors, CEO and other Senior Management staff with the relevant experience and expertise needed to assist in managing the Company effectively.

ii) **Audit and Examination Committee**

The Audit and Examination Committee is responsible for the oversight and monitoring of -

- The Company's financial reporting, accounting policies and controls.
- The Company's Internal Audit functions.
- The appointment, performance evaluation, transfer and dismissal of the Chief Internal Auditor.
- The appointment, scope of work and evaluation of the external auditor.

iii) **Risk Management Committee**

The Risk Management Committee oversees the adequacy of risk management within the Company and the responsibilities include the review and evaluation of –

- Senior Management's activities in managing risk.
- High-level risk exposures and portfolio composition.
- The Company's major risk strategies, policies and risk tolerance standards.
- The overall effectiveness of the risk management and control infrastructure.
- The overall effectiveness of regulatory compliance activities.

3. Board Conduct

3.1 Code of Ethics and Conduct

3.1.1 The Board commits itself and its Directors to ethical, business-like, and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members. Accordingly, all Directors shall apply ethical principles and standards of behaviour as set out in the following documents:

- i) Code of Ethics of the Company
- ii) Other applicable governance documentation approved by the Board setting out standards of ethical conduct and behavior

3.2 Conflict of Interest

- 3.2.1 Directors shall declare any conflict of interests by way of a written notice to all Board members and the Company Secretary as soon as practicable after being aware of his interest in the material transaction or material arrangement with the Company and shall not be present when it is being deliberated at the Board or Board Committee meeting.

4. Boardroom Diversity

- 4.1.1 The Board is committed to ensuring diversity in its composition and embraces the proposition that having a diverse Board would have a positive, value-adding impact on the Company. Whilst the Board acknowledges the importance of boardroom diversity, appointments to the Board shall always be based on merit.

5. Board Effectiveness

5.1 Annual Board Effectiveness Evaluation

- 5.1.1 The Board shall review the effectiveness of the Board and Board Committees as well as the performance of individual Directors annually. All such assessments shall be properly documented. The NRC is entrusted with the responsibility for carrying out the annual evaluation review.
- 5.1.2 The evaluation results shall form the basis of NRC's recommendation to the Board for the re-election and/ or re-appointment of Directors and Board Committee members as well as for further development of the Board and Board Committees.

5.2 Appointments and Election to the Board

- 5.2.1 The appointment of a new director is a matter for consideration and decision by the full Board.
- 5.2.2 The appointment, retirement and/or re-appointment of a Director shall be governed by the Laws and the Internal Guidelines.
- 5.2.3 Directors are expected to fulfill the fit and proper requirements and qualifications specified by the Laws. The Director's compliance with these requirements shall be assessed at least annually, and as and when the Board becomes aware of information that may materially compromise the Director's fitness and propriety, or any circumstance that suggests that the Director is ineffective, errant or otherwise unsuited to carry out his responsibilities.

- 5.2.4 A Director must immediately disclose to the Board any circumstance that may affect his ability to meet the fit and proper requirements and qualifications specified by the Laws.
- 5.2.5 The tenure of an Independent Director shall not exceed a cumulative term of nine (9) years.
- 5.2.6 Subject to applicable law and BNM Guidelines, the appointment of a new director may be subject to additional requirements as may be agreed by the shareholders and the Company.

5.3 External Directorships

- 5.3.1 Directors must devote sufficient time to prepare for and attend Board meetings, and maintain a sound understanding of the business of the Company as well as relevant market and regulatory developments. This includes a commitment to on-going education. The Board shall set out expectations of the time commitment for its members to fulfil Board and Board Committees roles.
- 5.3.2 Prior to accepting appointment(s) in other companies, Directors should ensure that the appointment(s) are not in conflict with the Company's business and do not affect the discharge of their duties as Director of the Company. Directors shall notify the Chairman of the Board and the Company Secretary of the new Board appointment(s) in other companies within 14 days of the appointment(s).

5.4 Director's Access to Information and Advice

- 5.4.1 The Company aims to provide all Directors with timely and quality information and in a form and manner appropriate for them to discharge their duties effectively.
- 5.4.2 The Management is responsible for providing the Board with the required information in an appropriate and timely manner. If the information provided by the Management is insufficient, the Board will make further enquiries where necessary to which the persons responsible will respond as fully and promptly as possible.
- 5.4.3 In order to assist Directors in fulfilling their responsibilities, the Directors have the right to seek independent professional advice regarding their responsibilities at the expense of the Company.
- 5.4.4 Full minutes of each Board meeting are kept by the Company Secretary and are available for inspection by any Directors during office hours.

5.5 Director Induction

- 5.5.1 Newly appointed Board members shall attend the Company's Induction Programme which includes mandatory core programmes required pursuant to BNM regulations and internal briefings by relevant Management personnel.
- 5.5.2 The Company shall ensure that new Board members are fully briefed on the terms of their appointment, duties, and responsibilities, as well as on the nature, operations, and current issues of the Company.
- 5.5.3 The NRC shall review the induction processes on a periodic basis to ensure that all pertinent information is provided to Directors, and that adequate time has been given for Directors to familiarise themselves with the Company, its Board, and operations.

5.6 Director Development

- 5.6.1 The Board shall ensure that a structured Director Learning and Education programme is in place for its members. This programme shall ensure members have access to appropriate continuing education programmes and are kept up to date with current business, industry, regulatory and legislative developments and trends that will affect the Company's business operations.
- 5.6.2 The NRC shall review and agree with each Director on their training and development needs on an annual basis, taking into consideration the Company's strategy for the next several years and the current combined skills on the Board.
- 5.6.3 The NRC shall identify and recommend the relevant courses to be included as part of the annual Board Training Calendar to the Board for approval.

5.7 Director Remuneration

- 5.7.1 The Board, through the NRC, shall establish a formal and transparent remuneration framework for Directors. The remuneration framework shall be appropriate to attract and retain highly dedicated, competent, professional and independent Directors and recognise them for their contributions.

6. Board Meetings

- 6.1.1 The Board may meet together for the dispatch of business, adjourn and otherwise regulate their meetings as they think fit. Members of the Management may be invited to attend and speak at meetings on matters relating to their sphere of responsibility.

- 6.1.2 A Director who has, directly or indirectly, an interest in a material transaction or material arrangement shall not be present or shall otherwise expressly abstain from voting at the meeting where the material transaction or material arrangement is being deliberated by the Board of Directors.
- 6.1.3 Board members are expected to attend at least 75% of total Board meetings in any applicable financial year, and must not appoint another person to attend or participate in a board meeting on his behalf, with appropriate leave of absence duly communicated to the Chairman of the Board and/ or Company Secretary, where applicable.

6.2 Board Meeting Agenda and Papers

- 6.2.1 The Chairman, in consultation with the CEO and the Company Secretary, sets the agenda for Board meetings and ensures that all relevant issues are on the agenda.
- 6.2.2 The agenda and meeting papers for each meeting shall be circulated at least five calendar days before each meeting to the Directors. Any submission of meeting papers after five calendar days will be considered a late paper and will require the approval of the Chairman.

6.3 Quorum

- 6.3.1 The quorum for Board meetings shall be a minimum of 50% of total Board members, which shall consist of at least one Director nominated by each of AMAB and MetLife.
- 6.3.2 In the absence of the Chairman, the members present shall elect a Chairman from amongst them to chair the meeting.

6.4 Meeting Mode

- 6.4.1 A meeting shall be conducted in person or via alternative means of attendance (i.e. telephone conference or video conference) as determined by the Board to enable effective discussion. Where permitted, alternative means of attendance must remain the exception rather than the norm and appropriate safeguards must be in place to preserve the confidentiality of deliberations.
- 6.4.2 The Board may from time to time and if deemed appropriate, consider and approve and/ or recommend routine and administrative matters via a Circular Resolution in writing, in lieu of formally convening a meeting. The Circular Resolution shall be used sparingly, and shall be as valid and effectual as if it has been passed by a meeting of the Board duly convened.

6.5 Voting

- 6.5.1 All resolutions of the Board shall be adopted by a majority of the affirmative votes of the Company directors at Board meetings and the Chairman of the meeting shall not have a second or casting vote.
- 6.5.2 A Board member is required to abstain from deliberations and voting in respect of any matter which may give rise to an actual or perceived conflict of interest situation.

7. Application

- 7.1 The principles set out in this Charter shall be -
- i) kept under review and updated as practices on Corporate Governance develop and further guidelines on Corporate Governance are issued by the relevant regulatory authorities.
 - ii) applied in practice having regard to their spirit and general principles rather than to the letter alone.
- 7.2 The Board endeavours to comply at all times with the principles and practices set out in this Charter.
- 7.3 This Charter is subject to review by the Board from time to time to ensure the Company remains at the forefront of best practices in Corporate Governance.