

**BOARD CHARTER AND TERMS OF REFERENCE**

**1. Functions, Duties and Responsibilities of the Board**

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.

The business and affairs of the Company shall be managed under the direction and oversight of the Board subject to the laws applicable to the Company.

In fulfilling this role, the Board must:

- a) approve the risk appetite, business plans and other initiatives which would, singularly or cumulatively, have a material impact on the Company's risk profile;
- b) set and oversee the implementation of business and risk objectives and strategies and monitor the performance thereof against agreed plans. In doing so the Board shall have regard to the long term viability of the Company and reasonable standards of fair dealing;
- c) ensure and oversee the effective design and implementation of sound internal controls, compliance and risk management systems commensurate with the nature, scale and complexity of the business and structure of the Company;
- d) 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;
- e) oversee the implementation of the financial institution'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 financial institution's operations;
- f) oversee the performance of the senior management in managing the business and affairs of the Company;
- g) promote, together with senior management, a sound corporate culture within the Company which reinforces ethical, prudent and professional behaviour;
- h) ensure that there is a reliable and transparent financial reporting process within the Company;
- i) promote sustainability through appropriate environmental, social and governance considerations in the financial institution's business strategies;
- j) 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) promote timely and effective communications between the Company and the Bank on matters affecting or that may affect the safety and soundness of the Company; and
- l) have powers of delegation of authority to management where necessary.

In carrying out its functions or duties above, the Board shall have regard to the interests of the Company's policy owners and participants.

A schedule of matters reserved to the Board is set out in the Appendix to this charter.

The Board may delegate to its committees, a director or directors, management or any other person, authority to exercise any of its powers other than powers reserved to it but remains fully accountable for any such delegated authority.

## **2. Duties of Directors**

A director shall at all times:

- a) act in good faith in the best interest of the Company ;
- b) exercise reasonable care, skill and diligence with :
  - i. the knowledge, skill and experience which may reasonably be expected of a director having the same responsibilities; and
  - ii. any additional knowledge, skill and experience which the director has;
- c) only exercise powers conferred on him for the purposes for which such powers are conferred;
- d) exercise sound and independent judgment;
- e) ensure whenever and wherever possible that they do not engage in any activities that may result in a conflict of interest with their duties to the Company and that cannot be appropriately managed;
- f) work co-operatively among themselves and with management in the best interests of the Company;
- g) recognise the separate roles and responsibilities of the Board and management;
- h) be diligent and continuously strive to improve the Company and Board operations and performance;
- i) observe the letter and the spirit of the constitution, laws, regulations and any policies under which the Company operates;
- j) have an active interest in and concern for the communities in which the Company operates;
- k) avoid any behaviour that is likely to reflect badly on the Board or the Company.

## **3. Conflicts of Interest**

Directors are required to disclose any conflicts of interest to the Board and shall not be present at the board meeting where the material transaction or material arrangement in which he has a direct or indirect interest, is being deliberated by the Board.

## **4. Disclosure of Director Interests**

Directors are required to disclose to the Board the nature and extent of his interest whether directly or indirectly, in a material transaction or material arrangement with the Company:

- on the date that the director is appointed;
- upon a change to the director's interest in a material transaction or material arrangement with the Company .

## 5. Business of the Board

The Board will maintain a 12-month rolling plan of business to be conducted by either the Board or its committees that includes the following:

- consideration and approval of the strategic plan;
- consideration and approval of 3 years strategic plan;
- consideration and adoption of financial statements;
- consideration and declaration of dividends;
- receipt of regular reports from management on the financial and operational performance against agreed performance targets; and
- review of the Board and management performance.

## 6. Board Membership

The Board and senior management will collectively have the full range of skills needed for the effective and prudent operation of the Company. Each director will have skills that allow him or her to make an effective contribution to the Board deliberations and processes.

The criteria and skill sets required of the Board members in addition to the “fit and proper” requirements are:

- i. Accounting/Finance;
- ii. Investment;
- iii. Actuarial;
- iv. Insurance; or
- v. Legal;

The Board shall review the above criteria and skill sets every 2 years to ensure alignment with the strategic direction and emerging challenges faced by the Company taking into account supervisory concerns highlighted by BNM that require specific expertise on the Board.

The Chairman of the Board must not be an executive, and must not have served as a CEO of the Company in the past five years.

In accordance to Bank Negara Malaysia (BNM)’s Policy on Corporate Governance, the Board must have a majority of independent directors at all times. In order to comply with this requirement, the Board shall adhere to the following transition plan provided by BNM.

Requirement	Effective date
Independent directors to make up at least half of the board membership	3 August 2019
Independent directors to make up a majority of the board membership	3 August 2021

The Board will comprise such number of non-executive directors as required by the relevant regulations. There should not be more than 1 executive director except with approval from BNM.

## **7. Appointment and Re-appointment of Directors**

All directors' appointment and re-appointment are subject to the provisions contained in the Company's Articles of Association, the relevant regulatory requirements and relevant legislation relating to the appointment and removal of directors.

The tenure of directorship in the Company shall be governed by the tenure as approved by Bank Negara Malaysia (BNM) upon the Company's application for appointment or re-appointment of directors.

However, the tenure of an independent director is 9 years and shall cease upon the expiry of the most recent term approved by BNM.

## **8. Independence**

- a) The Board will regularly assess the independence of a director in light of interests disclosed by them. A director will be regarded as independent if that director:
- is a non-executive director (i.e. not a member of management);
  - is not a substantial shareholder (5% equity interest directly or indirectly) of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
  - has within the last 2 years not been employed in an executive capacity by the Company, or been a director after ceasing to hold any such employment;
  - has within the last 2 years not been a principal of a material professional adviser or a material consultant to the Company, or an employee materially associated with the service provided;
  - is not a material supplier or customer of the Company, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
  - has no material contractual relationship with the Company other than as a director;
  - has not served on the Board for a period longer than permitted under the criteria for re-appointment of independent director set out below.;
  - is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.
- b) The tenure of an independent director is 9 years and shall cease upon the expiry of the most recent term approved by BNM.

## **9. Chairman of the Board**

The directors will appoint a Chairman of the Board by such method as agreed by the Board. The Chairman of the Board must not be an executive and must not have served as a CEO of the Company for the past five years.

The Chairman, in leading the Board, is responsible for the effective overall functioning of the board. In fulfilling this role, the Chairman must:

- ensure that appropriate procedures are in place to govern the Board's operation;

- 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 directors receive the relevant information on a timely basis;
- encourage healthy discussion and ensure that dissenting views can be freely expressed and discussed;
- lead efforts to address the Board's developmental needs;
- monitor the performance of the Board, the mix of the skills of directors and effectiveness of individual contributions; and
- maintain ongoing dialogue with the CEO and provide appropriate guidance.

#### **10. Meetings**

The Board should meet not less than once in every 2 months.

A director 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 must include a commitment to on-going education.

Attendance at a Board meeting is by way of physical presence. However, exceptions are permitted for attendance other than by way of physical presence subject to appropriate safeguards to preserve the confidentiality of deliberations.

#### **11. Third Party Experts**

The Board, after consultation with the Chairman, may seek advice from third party experts on any matter deliberated by the Board as and when required. The cost of such advice shall be borne by the Company.

#### **12. Board Performance**

To enhance Board and management effectiveness, the Board will regularly evaluate its performance related to the matters reserved to the Board and the performance of its committees and individual directors.

#### **13. Attendance and Quorum**

Directors are expected to regularly attend Board and Committee meetings of which they are members and must not appoint another person to attend or participate in a board meeting on his behalf.

The directors should attend at least 75% of Board meetings a year unless his absence is with the approval of Bank Negara Malaysia. In the event any one director is unable to meet the 75% requirement, the director should notify the Chief Executive Office and or secretary to enable an application for approval of such absence be made to Bank Negara Malaysia.

The Board may invite any management representative, advisers, consultants and others as it thinks fit, to attend Board meetings.

The quorum for the Board meeting should be at least two thirds of the members with independent directors forming the majority.

**14. Secretary**

The Company Secretary will act as secretary of the Board and will attend meetings of the Board as required.

**15. 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 must indicate whether any director abstained from voting or excused himself from deliberating on a particular matter.

Minutes of meetings of the Board and resolutions of the Board must be prepared by the secretary within two weeks and circulated to all directors for review and confirmation. The finalised minutes should then be confirmed at the next subsequent meeting of the Board.

**16. Induction and Training**

The Board shall maintain an induction process for new directors.

The Company encourages directors to update and enhance their skills and knowledge by funding appropriate training programs on director responsibilities.

**SCHEDULE OF MATTERS RESERVED TO THE BOARD**

The following matters are reserved to the Board.

**Governance**

- Overseeing the business and affairs of the Company by
  - Reviewing and approving strategic direction, objectives and goals proposed by management;
  - Approving major corporate initiatives;
  - Monitoring performance against approved plans.
- Adopting a Board charter.
- Appointing the Chairman.
- Establishing Board committees, determining membership and adopting terms of reference for the committees.
- Adopting a set of management delegations to allow management to carry on the business of the Company.

**Shareholder Approval**

- Convening shareholders meetings.
- Selecting and nominating directors for elections and re-election by shareholders.
- Recommending to shareholders the appointment of external auditors.

**Financial**

- Approving accounting policies and practices.
- Approving 3 year strategic plans annually.
- Monitoring performance including the receipt of regular reports from management on the financial and operational performance of the Company against agreed performance targets.
- Approving interim and annual reports and financial statements.
- Approving dividends.
- Approving the capital management of Company including both asset and liability management and other financial models.
- Reviewing principles in use from time to time by management for determining crediting rates on participating business and approving crediting rates.

**Risk Management**

- Appointing a Board Audit & Compliance Committee and Board Risk Management Committee.
- Approving internal controls, risk management policies and procedures.
- Monitoring business conduct and compliance with laws, regulations, Company policies and relevant codes of conduct.
- Approving risk management statements.

**Remunerations and Performance Management**

- Appointing Board Remuneration Committee and Board Nominations Committee.
- Appointing and if appropriate, terminating the contract of the Chief Executive Officer.
- Ensuring the adequacy of succession planning.
- Reviewing the performance of the Chairman, the Board and the committees.

**Investment**

- Appointing a Board Investment Committee.
- Approving material acquisitions and disposal (including property).

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\*\*Material transaction or material arrangement\*\* shall have the meaning assigned to it by Bank Negara Malaysia from time to time.

**CODE OF CONDUCT**



AXA AFFIN Life Insurance Berhad is committed to the highest standards of ethical and fair business conduct and supports and promotes the principles set out in the code of conduct.

The code of conduct applies to all directors and employees (including contractors and employees of contractors) and should be read in conjunction with all applicable regional policies and procedures.

The purpose of the code of conduct is to:

- Inform directors and employees of the minimum standards of behaviour expected of them;
- Provide a framework for how directors and employees should act in the workplace;
- Inform directors and employees of their responsibilities to shareholders, customers, suppliers and the community.

### **1. Conflict of Interest**

Conflict of interest can arise when some or all of the interests of directors or employees are consistent with, or diverge from, some or all of the interests of the Company. This includes actual, apparent and potential conflicts of interest.

Directors must disclose any conflicts of interest and shall not be present at the board meeting where the material transaction or material arrangement in which he has a direct or indirect interest, is being deliberated by the Board.

Employees must disclose any conflict of interest of their immediate manager.

Directors and employees must effectively manage any conflicts of interest and ensure conflicts of interest are reported as soon as they arise.

Directors and employees must comply with all applicable regional policies and procedures in relation to the management of conflicts of interest that they arise.

### **2. Disclosure of Director's Interests**

Directors must immediately disclose any notifiable interest to the Legal Counsel & Company Secretary:

- On the date that the Director is appointed;
- Upon a change to a notifiable interest of a Director.

### **3. Fair Dealing**

Directors and employees must in all their dealings on behalf of the Company act honestly, fairly, objectively and with integrity. They must at all times conduct themselves with professionalism, respect and courtesy.

### **4. Improper Behaviour**

Directors and employees must not behave in an improper manner. Improper behaviour includes suspected or alleged improper behaviour and is defined broadly to include unethical, illegal, false, misleading, dishonest, deceptive, corrupt or unconscionable behaviour.

Any director or employee who identifies such behaviour is encouraged to report it. An employee can either report it to their immediate manager or if they are uncertain as to

whether an act or omission constitutes improper behaviour, they can make a report to Legal Counsel & Company Secretary. A director can either report it to the Chairman or to the Legal Counsel & Company Secretary.

Alternatively, a director or employee may report such behaviour to the Whistleblower Investigations Officer in accordance with the Whistleblower Policy.

All information reported will be treated as confidential except in circumstances where action will be taken.

## **5. Material Personal Interests**

Directors must disclose all matters involving the Company in which they have material personal interest. Disclosure must be made either by giving notice on a specific transaction basis or as a standing notice. Notices should be in writing, should include details of the nature and extent of the interest of the director and should be given to the Legal Counsel & Company Secretary to be tabled at the next board meeting. The Legal Counsel & Company Secretary will record details of the notice in the minutes of the meeting.

A Director shall not vote in respect of any contract or arrangement in which he is interested whether directly or indirectly and if he should do so his vote should not be counted, nor shall he be counted, in the quorum present at the meeting but neither of these prohibitions shall apply to:

- (i) Any arrangement for giving any Director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; or
- (ii) To any arrangement for the giving by the Company of any security of the third party in respect of a debt or obligation of the Company for which the Director himself as assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of a security; or
- (iii) Any contract by a Director to subscribe for or underwrite Shares of debentures of the Company in the event of the public issue or offer for sale of the Company's Shares or debentures; or
- (iv) Any contract or arrangement with any corporation in which he is interested only as an officer of the corporation or as the holder of Shares or other securities;

and these prohibitions may at any time be suspended or released to any extent, and either generally or in respect of any particular contract, arrangement or transaction, by the Company in General Meeting.

## **6. Confidentiality and Privacy**

Directors and employees must treat all information, including personal information, received by them in the course of their employment or dealings for and on behalf of the Company with the utmost confidentiality and must not use, disclose or discuss any such information unless they have permission to do so.

Directors and employees must not use information that is not otherwise known to the market for personal gain or to obtain financial benefit for themselves or for any other person or business.

Directors and employees must comply with all applicable Company policies and procedures and relation to the confidentiality of information and privacy.

**7. Trading in AXA or AFFIN Shares or options**

Directors and employees must not use inside information for their own gain or that of others. To ensure compliance and to ensure high standards of conduct, the relevant trading in AXA securities policy and Bursa Malaysia Securities Berhad's Listing Requirements restrict the periods to which directors and senior executives can trade in AXA Group Securities and AFFIN securities respectively.

**8. Protection of Company Property**

Directors and employees must protect the property of the Company from improper or unauthorized use, whether tangible or intangible.

**9. Compliance with Laws & Regulations**

Directors and employees must comply with all laws, regulations and policies affecting the operations of the Company.

**10. Commissions, Fees and Gifts**

Directors and employees must not accept commissions, fees or gifts that fall outside the term of corporate policy and normal commercial business practice.

**11. Employment Practices**

The Company promotes a safe and healthy working environment for all employees. It does not condone bullying or harassment.

Directors and employees are encouraged and supported in the making of disclosures of suspected instances of improper behaviour.

Please refer to the Whistleblower Policy for further information.

**12. Breaches of this Code of Conduct**

A breach of this code of conduct may breach the law, a policy of the Company or both. The Company may investigate any reported breach and take disciplinary action that may include dismissal. If an employee is unsure of whether an action is a breach of this code of conduct, they should raise the matter with their immediate manager or the Legal Counsel & Company Secretary. If a director is unsure of whether an action is a breach of this code of conduct, they should raise the matter with the Legal Counsel & Company Secretary.