



**MSIG Insurance (Malaysia) Bhd**

**Board Charter**  
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## Contents

<b>1. Introduction</b>	<b>3</b>
<b>2. Purpose of Charter</b>	<b>3</b>
<b>3. Role and Responsibilities of the Board</b>	<b>3</b>
<b>4. Delegation of Authority</b>	<b>4</b>
<b>4.1 Matters reserved for the Board</b>	<b>4</b>
<b>4.2 Delegation to CEO</b>	<b>4</b>
<b>4.3 Reporting to the Board</b>	<b>5</b>
<b>4.4 Board Committees</b>	<b>5</b>
<b>5. Composition of the Board</b>	<b>5</b>
<b>5.1 Membership</b>	<b>5</b>
<b>5.2 Chairman</b>	<b>5</b>
<b>5.3 Tenure</b>	<b>5</b>
<b>5.4 Secretary</b>	<b>5</b>
<b>6. Board Meetings</b>	<b>5</b>
<b>6.1 Holding of meetings</b>	<b>5</b>
<b>6.2 Quorum</b>	<b>6</b>
<b>6.3 Attendance of meetings</b>	<b>6</b>
<b>7. Board Committees</b>	<b>6</b>
<b>7.1 Board Nominations Committee</b>	<b>7</b>
<b>7.2 Board Remuneration Committee</b>	<b>7</b>
<b>7.3 Board Compliance and Risk Management Committee</b>	<b>7</b>
<b>7.4 Board Audit Committee</b>	<b>8</b>
<b>7.5 Board Investment Committee</b>	<b>8</b>
<b>7.6 Minutes of Board Committees' Meeting</b>	<b>9</b>
<b>8. Board Evaluations and Development</b>	<b>9</b>
<b>9. Directors' Remuneration</b>	<b>9</b>
<b>10. Access to Information and Advice</b>	<b>9</b>
<b>11. Code of Business Conduct and Whistle Blowing Policy</b>	<b>9</b>

# MSIG INSURANCE (MALAYSIA) BHD

## BOARD CHARTER

### 1. Introduction

The Board of Directors (the “**Board**”) of **MSIG Insurance (Malaysia) Bhd** (the “**Company**”) recognizes the importance of good corporate governance in promoting and strengthening the trust of its shareholders, business partners and customers at large.

### 2. Purpose of Charter

This Charter sets out generally the roles and responsibilities of the Board and its delegated authorities including powers which the Board wishes to exercise itself or through formally constituted committees of the Board and the delegation of other powers, such as day-to-day management of the Company to the Chief Executive Officer (the “**CEO**”).

This Charter incorporates, in so far as the duties and responsibilities of the Board and Directors are concerned, all appropriate provisions of the Policy Document on Corporate Governance issued by Bank Negara Malaysia (“**BNM**”) on 3 August 2016. This Charter does not purport to be exhaustive of all the functions and responsibilities of the Board or individual Directors. Nothing in this Charter limits any powers or responsibilities of the Board.

### 3. Role and Responsibilities of the Board

The Board has an overall responsibility to promote sustainable growth and financial soundness of the Company and ensure reasonable standards of fair dealing, without undue influence from any party and in compliance with applicable laws which includes Financial Services Act 2013 (“**FSA 2013**”), Companies Act 2016 (“**CA 2016**”) and any guidelines, directives or policy documents issued by BNM as well as its articles and memorandum of association (“**Constitution**”). This includes a consideration of the long term implications of the Board’s decision on the Company and its customers, officers and the general public.

In fulfilling this role, the Board has the power and authority:

- i. to approve the risk appetite, business plans and other initiatives which would, singularly or cumulatively, have a material impact on the Company’s risk profiles;
- ii. to oversee the selection, performance, compensation and succession plans of CEO, control function heads and other members of senior management (“**Senior Management**”), such that the Board is satisfied with the collective competence of Senior Management to effectively lead the operations of the Company;
- iii. to oversee the implementation of the Company’s governance framework and internal control environment and periodically review whether these remain appropriate in light of material changes to the size, nature and complexity of the Company’s operations;

- iv. to promote, together with the Senior Management, a sound corporate culture within the Company which reinforces ethical, prudent and professional behaviour;
- v. to promote sustainability through appropriate environmental, social and governance considerations in the Company's business strategies;
- vi. 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; and
- vii. to promote timely and effective communication between the Company and BNM on matters affecting or that may affect the safety and soundness of the Company.

## **4. Delegation of Authority**

### **4.1 Matters reserved for the Board**

Certain matters are specifically reserved for the Board's decision and approval and these include but not limited to the following:

- (a) Board membership and other appointments matters;
- (b) Remuneration system;
- (c) Constitution;
- (d) Business plans / strategic focus;
- (e) Company policies (per requirements by BNM and MSIG Group);
- (f) Financial reporting / dividends ;
- (g) Compliance and Risk Management Framework;
- (h) Business operations;
- (i) Delegation of authority to CEO, Deputy CEO and Claims Committee;
- (j) Related party transactions;
- (k) Acquisition and disposal of assets;
- (l) Share capital, loans, mortgages, guarantees and indemnities;
- (m) Assignment of trade rights;
- (n) Power of Attorney;
- (o) Legal matters;
- (p) Political donations
- (q) Other matters in relation to any decision likely to have a material impact on the Company from any perspective, including but not limited to, financial, operational, strategic or reputational.

### **4.2 Delegation to CEO**

The day-to-day management of the business of the Company is delegated by the Board to the CEO. The CEO is authorized to sub-delegate any or all the authorities granted to him to Senior Management or such other persons and may authorize such persons to take decisions on his behalf and further sub-delegate on such terms as he shall see fit, subject to there being in place a formal system of delegation of authorities and in compliance with the Company's policies and reporting requirements as stipulated by the Board from time to time.

### **4.3 Reporting to the Board**

The CEO and Senior Management of the Company is required to regularly report to the Board concerning the authority exercised and matters which come or may come within the scope of matters reserved for the Board.

### **4.4 Board Committees**

The Board may, from time to time, establish Board Committees to assist in carrying out its functions and responsibilities and shall adopt the terms of references of the Board Committees, setting out matters relevant to the authority, membership and responsibilities of such committees and such other matters which the Board may consider appropriate.

## **5. Composition of the Board**

### **5.1 Membership**

The Board shall be comprised of that number of Directors as shall be determined from time to time by the Board, taking into consideration of the appropriate mix of skills, knowledge and experience in the insurance industry and an understanding of the said industry. In compliance with the regulatory requirements stated in FSA2013 and BNM's Policy Document on Corporate Governance, the Board shall have a majority of independent Directors.

### **5.2 Chairman**

A Chairman shall be appointed by the Board. The Chairman is responsible for the leadership of the Board and the management of the Board meetings. The Chairman has a duty to ensure that appropriate procedures are in place to govern the Board's operation, decisions are taken on a sound and well-informed basis, matters are deliberated fully and dissenting views can be freely expressed and take lead in addressing the learning and development of the Board.

### **5.3 Tenure**

The tenure of Directorship in the Company shall be governed by the tenure as approved by BNM upon application for appointment or reappointment of Directors.

### **5.4 Secretary**

The Company Secretary shall act as the secretary to the Board.

## **6. Board Meetings**

### **6.1 Holding of meetings**

The Board shall meet, adjourn and otherwise regulate its meetings as it thinks fit, but shall meet no less than six (6) times in each calendar year. Additional meetings may be held at the discretion of the Directors.

The Board shall determine the specific date, time and place and agendas of the Board meetings. Meetings of the Board shall be conducted in accordance with the Company's Constitution, having regards to FSA2013 and BNM's Policy Document on Corporate Governance, as amended from time to time.

## **6.2 Quorum**

A quorum shall consist of five (5) Directors including the Chairman or at least half of the Board members present, as the case may be, and in such composition provided by the Company's Constitution.

## **6.3 Attendance of meetings**

A Director of the Board must attend at least seventy-five per centum (75%) of the Board meetings held in each financial year and must not appoint another person to attend or participate in a Board meeting on his behalf. Where permitted, alternative means of attendance such as teleconferencing or video conferencing shall remain the exception rather than the norm and shall be subject to safeguards being put in place.

The CEO (if he / she is not an Executive Director) is entitled to attend all Board meetings but shall not have a right to vote at such meetings. The Chairman or the Board may invite such persons from the Senior Management and any other employee of the Company to attend a Board meeting.

## **7. Board Committees**

To assist the Board in carrying out its responsibilities, the Board has established the following Board Committees:

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

Each committee will be guided by its own respective terms of reference which will outline in detail its authority, duties, responsibilities and relationship with the Board. The Board shall annually review the committees' performance objectives and responsibilities in accordance with its terms of reference.

All Board Committees shall comprise of Directors who have the skills, knowledge and experience relevant to the responsibilities of the respective Board Committee. Memberships of all Board Committees shall comprise of at least three (3) Directors with a majority of them being independent Directors. All Board Committees must be chaired by an independent Director and save for the Nominations Committee, all Board Committees will not have any executive Director in its membership.

## **7.1 Board Nominations Committee**

The Nominations Committee shall assist and support the Board in carrying out its functions in the matters concerning :

- (i) the appointments and removals of any Director, Chairman, CEO, Senior Management and Company Secretary;
- (ii) the composition of the Board;
- (iii) the annual evaluation of the Board, Board Committees and individual Directors; and identifying areas for professional development;
- (iv) the assessment of the Directors, CEO, Senior Management, Appointed Actuary and the Company Secretary in accordance with the 'fit and proper' requirements as per BNM's Policy Document on Fit and Proper Criteria and generally in accordance with BNM's Policy Document on Corporate Governance; and
- (v) all other matters as specifically described in the Nominations Committees' Terms of Reference

## **7.2 Board Remuneration Committee**

The Remuneration Committee shall assist and support the Board:

- (i) in overseeing the design and operation of the Company's remuneration scheme for the Director, Chairman, CEO and Senior Management in accordance with BNM's Policy Document on Corporate Governance; and
- (ii) periodically review the remuneration of the Directors, particularly on whether remuneration remains appropriate to each Director's contribution taking into account of the level of expertise, commitment and responsibilities undertaken; and
- (iii) all other matters as specifically described in the Remuneration Committee's Terms of Reference

## **7.3 Board Compliance and Risk Management Committee**

The Compliance and Risk Management Committee shall assist and support the Board in:

- (i) Promoting a positive, open and consistent Compliance culture and monitoring the overall compliance with applicable laws, rules and regulations as well as operational manuals;
- (ii) Reviewing and assessing the adequacy and effectiveness of the Compliance policies and processes through an appropriate and clear framework of accountability, reporting and controls, including ensuring adequate infrastructure, resources and systems are in place;
- (iii) overseeing the Senior Management's activities in managing compliance matters and in meeting the expectations on risk management as set out in BNM's Policy Document on Risk Governance;
- (iv) assisting the implementation of a sound remuneration framework, examine whether incentives provided take into consideration of risks, capital, liquidity and the likelihood and timing of earnings without prejudice to the responsibilities of the Remuneration Committee; and

- (v) all other matters as specifically described in the Compliance and Risk Management Committees' Terms of Reference

#### **7.4 Board Audit Committee**

The Audit Committee shall assist and support the Board in:

- (i) supporting the Board in ensuring that there is a reliable and transparent financial reporting process within the Company;
- (ii) overseeing the effectiveness of the internal audit function of the Company;
- (iii) fostering a quality audit of the Company by exercising oversight over the external auditor, in accordance with the expectations set out in the BNM's Policy Document on External Auditor;
- (iv) reviewing and updating the Board on all related party transactions;
- (v) reviewing the accuracy and adequacy of the Chairman's statement in the Directors' Report, Corporate Governance disclosures, interim financial reports and preliminary announcements in relation to the preparation of financial statements;
- (vi) monitoring compliance with the Board's conflict of interest policy;
- (vii) reviewing third-party options on the design and effectiveness of the Company's internal control framework; and
- (viii) all other matters as specifically described in the Audit Committees' Terms of Reference

#### **7.5 Board Investment Committee**

The Investment Committee shall assist and support the Board in:

- (i) reviewing and advising on investment strategies and policies with a view to optimize investment performance in line with the Company's Investment Risk Appetite Statement;
- (ii) reviewing and monitoring the Investment Assets Allocation within the risk and limit permitted under the Investment Policy, BNM's guidelines and Risk-based Framework;
- (iii) managing and monitoring risks associated with investment activities with a view to strengthening the Capital Adequacy Ratio whilst optimizing risk adjusted returns;
- (iv) reviewing and approving the appointment and termination of external fund managers, including custodians for safekeeping of assets;
- (v) setting performance standards for external fund managers and reviewing their actual performance on a regular basis;
- (vi) ensuring compliance with the Regional Investment Policy, BNM's requirements as well as in compliance with legal, accounting, prudential and liquidity requirements; and
- (vii) all other matters as specifically described in the Investment Committees' Terms of Reference



## **7.6 Minutes of Board Committees' Meeting**

Minutes of all Board committees are to be tabled to the Board and briefed by each respective chairperson of each board committee.

## **8. Board Evaluations and Development**

The Board shall undertake an annual review of the Board, Board Committees and Directors and consider the appropriate mix of skills required to ensure its continuing effectiveness. The review shall be conducted in such manner as the Board deems fit.

The Board will regularly review this Charter and the Terms of References of the Board Committees to ensure they remain consistent with the Board's objectives and responsibilities, applicable law and relevant standards of corporate governance.

The Company has a Framework on Continuous Professional Development Programme for Directors to enhance their knowledge of the Company's business and to address ongoing and emerging issues in the functions / areas of Board's oversight.

## **9. Directors' Remuneration**

The remuneration of Directors is to be reviewed in accordance with the Company's Directors' Remuneration Policy to ensure that Directors are adequately and competitively compensated.

## **10. Access to Information and Advice**

The Board and each Director has the right of access to all relevant Company information and to the Company's employees and subject to prior consultation with the Chairman, may seek independent professional advice at the Company's expense.

## **11. Code of Business Conduct and Whistle Blowing Policy**

The Board shall be guided by the Code of Ethics in supervising the administration and Senior Management of the Company's business and its related activities to ensure that high standards of business ethics are adhered to and performed with integrity.

In addition to the Code of Ethics, the Board has also endorsed a Whistle Blowing Policy which provides a structured reporting channel to all parties, whether internal or external, to report on any unethical conduct, without fear of retribution by the Company.