

**Malaysian Reinsurance Berhad
(Incorporated in Malaysia)**

Corporate governance disclosures (as referred to in the Directors' Report)

The Board of Directors ("Board") of Malaysian Reinsurance Berhad remains committed towards maintaining high standards of corporate governance throughout the Company. The Board strives to continuously improve the effective application of the principles and best practices in conformity with BNM's PD CG issued on 3 August 2016.

The Company's policy is to implement these principles and best practices and to uphold high standards of business integrity in all activities undertaken by the Company. This shall include a commitment to emulate good industry examples and to comply with guidelines and recommendations in the conduct of business activities within the Company.

Set out below is a statement on how the Company had applied the principles and complied with the best practices as prescribed under the PD CG during the financial year ended 31 March 2020.

Board of Directors

The Board is responsible for the proper stewardship of the Company's resources, the achievement of the Company's objectives and good corporate citizenship. It discharges this responsibility by complying with all the relevant Acts and Regulations, including adopting the principles and best practices of the PD CG.

The Board retains full and effective control over the Company's affairs. This includes the responsibility to determine the Company's development and overall strategic direction. Key matters such as the approval of financial results, major capital expenditures, budgets, business plans and succession planning for top management, are reserved for the Board or its appointed committees to deal with.

The meetings of the Board are chaired by the Non-Executive Chairman, whose role is clearly separated from the role of the President & Chief Executive Officer ("PCEO"), who ensures that Board policies and decisions are implemented accordingly.

Board Composition

The Board comprises members with relevant expertise and experience drawn from business, financial and technical fronts which strengthened leadership and management.

As at the date of this report, the Board currently comprises five (5) members. Four (4) of these members are Independent Non-Executive Directors ("INED"), including the Chairman, and one (1) member who is a Non-Independent Executive Director ("NIED").

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Board Composition (cont'd.)

As at the date of this report, the percentage of the Board composition is as follows:

	Composition	Percentage
NIED	1/5	20%
INED	4/5	80%

By virtue of this composition, the Company is in compliance with the following paragraphs of the PD CG:

- (i) paragraph 11.3 which requires that the Chairman of the Board must not be an executive;
- (ii) paragraph 11.4 which requires that the Board should not have more than one executive director; and
- (iii) paragraph 11.6 which requires that the Board should have a majority of independent directors at all times.

Under the Company's Constitution, the number of Directors shall not be more than ten (10) and the Board currently comprises five (5) Directors.

The Directors bring to the Board, a wide range of knowledge and experience in relevant fields such as insurance/takaful and reinsurance/retakaful, accounting and finance, investment, international business and business operations. The Board has the necessary depth of experience and judgement to bear on issues of strategy, performance, resources and ethical standards. The Board is of the opinion that its current composition and size constitute an effective Board for the Company.

Key information on each Director is set out under the section 'Board of Directors' Profile' on pages 39 to 41.

Board Charter

The Board had formalised a Board Charter setting out the duties, responsibilities and functions of the Board in accordance with the principles of good corporate governance set by the regulatory authorities. This Board Charter will be reviewed periodically when necessary to incorporate updates and enhancements to the existing rules and regulations. The Board Charter is available on the Company's website at www.malaysian-re.com.my.

Directors' Code of Ethics

The Directors observe a code of ethics in accordance with the code of conduct expected of Directors of financial service providers.

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Directors' Code of Ethics (cont'd.)

The Chairman is primarily responsible for the effective conduct and workings of the Board. The Chairman leads the Board in the oversight of the Management and in setting strategic business plans, goals and key policies of the Company to ensure the sustainability of long-term returns.

Directors' Independence and INED

The Board comprises a majority of INEDs.

The independence of the Directors is assessed by the Nomination Committee/Board in accordance with the requirements of BNM and the Company's Policy on Independent Directors.

The Independent Directors play a pivotal role in corporate accountability and provide unbiased and independent views and judgement in relation to the Board's deliberation and decision-making process. These are reflected in their membership in the various Board Committees and attendance at meetings.

The Company determines the independence of its Directors in accordance with the requirements under the PD CG. Under the PD CG, an Independent Director of the Company is one who himself or any person linked to him is independent from Management, the substantial shareholders of the Company and/or any of its affiliates, and has no significant business or other contractual relationship with the Company or its affiliates within the last two (2) years and has not served for more than nine (9) years on the Board, except under exceptional circumstances and as approved by BNM.

All Independent Directors have demonstrated to the Board that they have exercised impartial and independent judgement while protecting the interests of the Company.

The Non-Executive Directors do not participate in the day-to-day management of the Company and do not engage in any business dealing or other relationships with the Company (other than in situations permitted by the applicable regulations) in order to ensure that they remain truly capable of exercising independent judgement and act in the best interests of the Company and its shareholders. The Board is also satisfied that no individual or group of individuals dominate the decision-making process of the Board in ensuring a balanced and objective consideration of issues, thereby facilitating optimal decision-making.

Policy on Independent Directors

The Board has adopted a 9-year policy for the tenure of INEDs, which was implemented to ensure the continuous effective functioning of the Board. Due to the specialised nature of the Company's businesses, the Board is of the view that the maximum tenure of nine (9) years is reasonable considering there are significant advantages to be gained from long-serving Directors who already possessed tremendous insight and knowledge of the Company's business affairs.

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Policy on Independent Directors (cont'd.)

The Board feels that the tenure of service of INEDs on the Board, does not, in any way, interfere with their exercise of independent judgement and their ability to act in the best interests of the Company.

Before the removal or resignation of an Independent Director can take effect, the prior approval of BNM must be obtained.

In assessing independence, the Board evaluates the following criteria:

- the ability to challenge the assumptions, beliefs or viewpoints of others with intelligent questioning, constructive and rigorous debating, and dispassionate decision-making for the good of the Company;
- a willingness to stand-up and defend their own views, beliefs and opinions for the ultimate good of the Company; and
- an understanding of the Company's business activities in order to appropriately provide responses on the various strategic and technical issues brought before the Board.

Nonetheless, any reappointment of an INED who has served more than nine (9) years shall be subject to shareholder's approval at a general meeting.

Appointment to the Board and Group Shariah Committee ("GSC") and appointment of Key Senior Management Officers

The appointment of new Board members are considered and properly evaluated by the Nomination Committee ("NC"). New nominees for directors are assessed by the NC in accordance with the Company's Fit and Proper Policy for Key Responsible Persons. These assessments are carried out based on the declarations by each individual on matters such as criminal record, the record of material academic/professional qualifications and the execution of checks on bankruptcy and regulatory disqualification. Upon completing this process, the NC shall recommend the proposed appointment to the Board for its deliberation and approval. In making these recommendations, the NC assesses the suitability of candidates, taking into account the required mix of skills, knowledge, expertise and experience, as well as professionalism, integrity including financial integrity, competencies and other qualities, before recommending them to the Board for appointment. An interview session is held between members of the NC and the candidate prior to its recommendation to the Board.

The NC and Board will devote sufficient time to review, deliberate and finalise the selection of Directors. The Company Secretary will ensure that all the necessary information are obtained and relevant legal and regulatory requirements are complied with. In this aspect, the Board is also guided by the Company's Fit and Proper Policy for Key Responsible Persons.

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Appointment to the Board & Group Shariah Committee ("GSC") and appointment of Key Senior Management Officers (cont'd.)

The NC conducts a yearly assessment on the suitability of the present Directors under the abovementioned Fit and Proper Policy for Key Responsible Persons. The fit and proper assessment for the Directors includes self-declaration and vetting by the Company for the purpose of ensuring that they are suitable to continue serving as Directors of the Company. The following aspects would be considered by the Board in appointing/reappointing Directors:

- probity, personal integrity and reputation – the person must have key qualities such as honesty, independence of mind, integrity, diligence and fairness;
- competence and capability – the person must have the necessary skills, ability and commitment to carry out the role; and
- financial integrity – the person must have financial soundness and be able to manage their debts and financial affairs prudently.

The Board's expectations on the time commitment and contribution from the Directors will also be clearly communicated to the potential candidates. The NC will evaluate the candidates' ability to discharge their duties and responsibilities as well as appropriate time commitment prior to recommending their appointment as Directors for the Board's approval.

Re-appointment and Re-election of Directors

All Directors may subject themselves for re-appointment and/or re-election upon the expiry of their BNM Appointment Term or in accordance with Section 205(3)(b) of the Companies Act, 2016, where one-third (1/3) of the Directors for the time being, or if their number is not a multiple of three (3), then the number nearest to one-third (1/3), shall retire from office at each Annual General Meeting ("AGM") and all retiring Directors can offer themselves for re-election.

Pursuant to PD CG, the Company is required to apply to BNM for the re-appointment of its Directors at least three (3) months prior to the expiry of their terms of appointment as approved by BNM, should it wish to extend their appointments. Prior to such application, the relevant Directors will be assessed by the NC and the Board and they are required to give consent on their re-appointment prior to the recommendation being made.

In accordance with Article 84 of the Company's Constitution, Encik Mustaffa bin Ahmad will be retiring at the forthcoming AGM and being eligible, offers himself for re-election.

Directors who are appointed by the Board during the financial period before the AGM are also required to retire from office and seek re-election by the shareholders at the first opportunity after their appointment. Encik Khalid bin Sufat, who had been appointed as a Director on 1 October 2019 will retire pursuant to Article 90 of the Company's Constitution and, being eligible, offers himself for re-election.

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Board and Individual Directors' Effectiveness

The Board members undertake a formal and transparent process, upon completion of every financial year, to assess the effectiveness of their fellow Directors, the Board as a whole and the performance of the PCEO.

The Board and Individual Directors Evaluation is based on answers to a detailed questionnaire. The evaluation form is distributed to all Board members and include topics such as the responsibilities of the Board and training needs.

Another key area assessed are the contribution of each and every member of the Board at meetings.

The NC, having deliberated the findings of the Board and Individual Directors Evaluation, will report the results to the Board and highlight those matters that require further discussion and direction by the Board.

The Board members' directorship in companies other than the Company are within the restriction of not more than five (5) directorships in public listed companies as stated in the PD CG.

Roles and Responsibilities of the Chairman and PCEO

The roles and responsibilities of the Chairman and the PCEO are separated with a clear division of responsibilities as defined in the Board Charter. This distinction is to provide better understanding and distribution of jurisdictional responsibilities and accountabilities. The Chairman and the PCEO are not related to each other.

The Chairman leads the Board and is also responsible for its performance. Together with the rest of the Board members, the Chairman sets the policy framework and strategies to align the business activities driven by the Senior Management Team with the Company's vision and mission.

The PCEO is mainly accountable for the day-to-day management to ensure the smooth and effective running of the Company. He is also responsible for the implementation of policies and Board decisions as well as coordinating the development and implementation of business and corporate strategies.

The PCEO also ensures that the financial management practice is at the highest level of integrity and transparency for the benefit of the shareholders and the affairs of the Company are performed in an ethical manner.

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Board Meetings

The Board meeting dates for the ensuing financial year are scheduled in advance before the end of the current financial year so that the Directors are able to plan ahead and schedule these dates into their respective meeting schedules.

The Board has scheduled meetings at least six (6) times a year, in addition to the AGM. For the financial year ended 31 March 2020, the Board held six (6) meetings.

Technology and information technology are effectively used in Board meetings and communications with the Board. Board meeting materials are shared electronically and, where required, Directors may participate in meetings via video conference.

All Directors have complied with the requirement to attend at least seventy five percent (75%) of the Board meetings held during the financial year ended 31 March 2020 as required under Paragraph 9.3 of the PD CG.

The details of attendance of the Directors at Board meetings held during the financial year are as follows:

Directors	Attendance	Percentage
Encik George Oommen Chairman / INED	6/6	100%
Mohd Din bin Merican NIED	6/6	100%
Mustaffa bin Ahmad INED	6/6	100%
Datin Zaimah binti Zakaria INED	6/6	100%
Khalid bin Sufat INED (Appointed with effect from 1 October 2019)	2/2	100%
Md Adnan bin Md Zain (Resigned with effect from 1 June 2019)	2/2	100%
Arul Sothy Mylvaganam (Resigned with effect from 1 October 2019)	4/4	100%

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Board Meetings (cont'd.)

At each scheduled Board meeting, the financial performance and business reviews are discussed, including the Company's quarterly operating performance to date, against the annual budget and business plan previously approved by the Board for that year.

The respective Board Committee's reports and recommendations are also presented and discussed at Board meetings. All proceedings of Board meetings are duly recorded in the minutes of each meeting and the signed minutes of each Board meeting are properly retained by the Company Secretary.

The Board delegates the day-to-day management of the Company's business to the Senior Management Team but reserves for its consideration significant matters as specified in the Board Charter.

Directors' Remuneration

(a) Remuneration Policy and Procedure

The Remuneration Committee recommends to the Board the appropriate remuneration packages for the Directors as well as the PCEO and the key senior management officers in order to attract, motivate and retain the Directors, the PCEO and the key senior management officers of the necessary calibre and quality as required by the Company. The remuneration packages for the GSC members are decided by the Board of MNRB. The Company's remuneration policy is to reward the Directors, PCEO and the key senior management officers competitively, taking into account performance, market comparisons and competitive pressures in the industry. Whilst not seeking to maintain a strict market position, the Committee takes into account comparable roles in similar organisations that may be the same in size, market sector or business complexity.

The PCEO does not participate in any way in determining his individual remuneration.

All Directors are paid fees which are recommended by the Board and approved annually by the shareholder at the AGM.

The remuneration structure of Directors of the Company are as follows:

- Fees for duties as Director and as member of the various committees of the Board as well as additional fees for undertaking responsibilities as Chairman of the Board and the various Board Committees.
- Meeting attendance allowance for each meeting attended.

The fees for Directors are recommended by the Board to the shareholders after deliberating the recommendations by the Remuneration Committee. The meeting attendance allowance for all Directors is also determined by the Board.

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Directors' Remuneration (cont'd.)

(a) Remuneration Policy and Procedure (cont'd.)

The Board has considered the market practices for Directors' remuneration, and has decided to use the following fee structure for computing the fee for each Director for the financial year ended 31 March 2020:

		Meeting attendance allowance RM	Annual fees RM
Board	Chairman	RM 1,250 for each meeting attended	80,000
	Member		70,000
Audit Committee	Chairman		22,000
	Member		17,000
Nomination Committee	Chairman		17,000
	Member		12,000
Remuneration Committee	Chairman		17,000
	Member		12,000
Risk Management Committee	Chairman		22,000
	Member		17,000
Investment Committee	Chairman		17,000
	Member		12,000

The details of the total remuneration of each Director of the Company during the financial year ended 31 March 2020 are disclosed in Note 12 of the Company's Audited Financial Statements. Directors' fees amounting to RM0.6 million for the financial year ended 31 March 2020 will be proposed for approval at the forthcoming AGM of the Company. The fees were pro-rated based on appointment/resignation date.

The remuneration of the GSC members are decided by the MNRB Board. The meeting attendance allowance and annual fees of the GSC members are shared equally with fellow subsidiaries of MNRB, Takaful Ikhlas Family Berhad ("Takaful IKHLAS Family") and Takaful Ikhlas General Berhad ("Takaful IKHLAS General"). The remuneration of the GSC members during the financial year ended 31 March 2020 are disclosed in Note 12 of the financial statements.

(b) Indemnification of Directors and Officers

Directors and Officers are indemnified under a Directors' and Officers' Liability Takaful against any liability incurred by them in the discharge of their duties while holding office as Directors and Officers of the Company. The Directors and Officers shall not be indemnified where there is any negligence, fraud, breach of duty or breach of trust proven against them.

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Remuneration Policy in respect of the PCEO and Board Appointees of the Company

The objective of the Company's remuneration policy is to attract, motivate, reward and retain quality personnel.

The remuneration of the PCEO, the Board Appointees and the Senior Management team of the Company are reviewed and approved annually by the Remuneration Committee and the Board respectively.

The basic component of the remuneration package comprises a monthly basic salary. The variable component has been designed to link rewards to corporate and individual performance, based on appropriate and meaningful performance measures set up by the Company, and approved by the Remuneration Committee and the Board. Such components comprise a performance-based variable bonus, which is awarded once a year. In awarding this variable component, the PCEO, Board Appointees and Senior Management Team's corporate and individual performance are measured using a balanced measurement approach that encourages business sustainability and ensures prudent risk-taking.

The Company's variable compensation varies in line with its financial performance and the meeting of corporate governance requirements.

Staff engaged in all control functions including Actuarial and others do not carry business profit targets in their goal sheets and hence are compensated independent of the business profit achievements. Their compensation is dependent on the achievement of key results in their respective domains.

In providing long-term incentives for the staff, the Remuneration Committee also considers their potential for future development and contribution to the Company.

In such annual remuneration reviews, the Remuneration Committee takes into consideration factors such as market competitiveness and internal equity, and that the remuneration is commensurate with individual performance and contributions.

The annual budget for salary increment and performance-related variable bonus are submitted to the Board for approval. The competitiveness of the Company's compensation structure is reviewed when necessary, subject to relevance and affordability, relative to a peer group of companies that is considered to be relevant for compensation purposes to ensure continued appropriateness. The review is done through a benchmarking exercise from a remuneration survey conducted independently by consultants.

The Company will include the processes described above in the remuneration policy to be approved by the Board in the next financial year. The remuneration policy, when approved, would be subject to periodic Board review, including when material changes are made to the policy.

The Company's variable compensation varies according to its financial performance and the Policy Document on Corporate Governance requirements.

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Remuneration Policy in respect of the PCEO and Board Appointees of the Company (cont'd.)

The total value of remuneration for the financial year is as follows:

	Unrestricted RM '000	Deferred RM '000	Remark
Fixed remuneration:			
- Cash-based	5,172	-	Salaries, allowance and EPF
- Other	34	-	Benefits-in-kind
Variable remuneration:			
- Cash-based	1,133	-	Bonus and EPF on bonus
- Other	-	-	

Supply of information

All Directors have full and unrestricted access to all information pertaining to the Company's business affairs, whether as a full Board or in their individual capacity, to enable them to discharge their duties.

Prior to Board meetings, every Director receives a notice of meeting, the agenda and Board papers. Sufficient time is given to the Directors to enable them to obtain further explanations, where necessary, so that there will be full participation by the Directors at the meeting. The Board papers include the following:

- Reports by the various Board Committees on issues deliberated at the respective Board Committee meetings;
- Financial Statements on the Company's performance; and
- Compliance reports.

Proper guidelines have been established by the Board pertaining to the content, presentation style and delivery of papers to the Board for each Board meeting to ensure adequate information is disseminated to the Directors.

All Directors have direct access to the members of the Senior Management Team and the services of the Company Secretary to enable them to discharge their duties effectively.

The Company Secretary attends and ensures that all Board meetings are properly convened, and that accurate and proper record of the proceedings and resolutions passed are taken and maintained in the statutory register at the registered office of the Company. The Company Secretary works closely with Management to ensure that there are timely and appropriate information flows within and to the Board and Board Committees, and between the Non-Executive Directors and Management.

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**Remuneration Policy in respect of the PCEO and Board Appointees of the Company
(cont'd.)**

Supply of information (cont'd.)

The Directors may, if necessary, obtain independent professional advice from external consultants, at the Company's expense.

Throughout their period in office, Directors are updated on the Company's business, the competitive and regulatory environments in which it operates and other changes by way of written briefings and meetings with the Senior Management.

Conflict of Interest

As per the Conflict of Interest Policy, Directors are required to declare their respective shareholdings in the Company and related companies and their interests in any contracts with the Company or any of its related companies. Directors are also required to declare their directorships in other companies and shall abstain from any discussions and decision-making in relation to these companies.

All disclosures by the Directors are properly retained by the Company Secretary.

Directors' Training

The Company acknowledges that continuous education is vital for the Board members to gain insight into the regulatory updates and market developments in order to enhance the Directors' skills and knowledge in order to effectively discharge their responsibilities.

To enable them to contribute effectively from the outset of their appointment, all new Directors are required to undergo an induction programme where they are briefed on the Company, the formal statement of the Board's role, powers that have been delegated to the Company's Senior Management and Management committees as well as the Company's latest financial information.

Being a Director of a financial institution, it is mandatory for a newly appointed Director to attend the Financial Institution Directors' Education ("FIDE") Core programme within one (1) year from the date of appointment. In the event that the new Director has completed the same in another financial institution previously, the Director should provide a copy of his/her FIDE certificate to the Company Secretary.

The Company Secretary facilitates the organising of internal training programmes and the Directors' participation in external programmes, in addition to keeping a complete record of the training programmes attended by the Directors.

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**Remuneration Policy in respect of the PCEO and Board Appointees of the Company
(cont'd.)**

Directors' Training (cont'd.)

During the financial year, all Directors, collectively or on their own, attended various seminars and programmes organised by professional bodies and regulatory authorities as well as those conducted in-house. These include the following:

- PNB Leadership Forum 2019 - "Positive Autocracy: A Leadership Model for Industry 4.0"
- International Directors Summit 2019 - "The Trust Compass: Resetting the Course"
- Audit Committee Conference 2019 - "Meeting The New Expectations"
- Perdana Leadership Foundation CEO Forum 2019 - "Accelerating the Fourth Industrial Revolution in Malaysia"
- CG Watch: How Does Malaysia Rank?
- PNB Corporate Summit 2019 - "Rebooting Corporate Malaysia"
- FIDE Forum - "Rethinking Strategy"
- MIA International Accounts Conference 2019 - "Trust Sustainability in a Digital Economy"
- Corporate Governance - MACC Act Section 17A
- QE1: Economics and Capital Market Analytics - Analysis of Business Impacts Trends
- Professionalism, Ethics, Integrity and Business Reputation - "Why it Matters and What You Can Do About It"

Board Committees

The Board has delegated specific responsibilities to five (5) Board Committees, as follows:

- Audit Committee ("AC");
- Nomination Committee ("NC");
- Remuneration Committee ("RC");
- Risk Management Committee ("RMCB"); and
- Investment Committee ("IC").

These Board Committees have their respective Terms of Reference, which clearly define their duties and obligations in assisting and supporting the Board. The ultimate responsibility for the final decision on all matters lies with the entire Board.

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Board Committees (cont'd.)

(i) Audit Committee

As at the financial year end, the AC comprises three (3) INEDs. One (1) member of the Committee is a qualified accountant and member of the Malaysian Institute of Accountants. The AC is chaired by an INED.

The AC's terms of reference include the review and deliberation of the Company's financial statements, the findings of the External and Internal Auditors, compliance-related matters, any related party transactions and any conflict of interest situations within the Company, as well as making recommendations to the Board on the appointment/re-appointment of the External Auditors.

The composition of the AC members had been reviewed during the financial year.

The AC is authorised by the Board to undertake any activity within its terms of reference and has unlimited access to all information and documents relevant to its activities and to both the Internal and External Auditors as well as to all employees of the Company.

It is able to convene meetings with the External Auditors, the Internal Auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

It also has the authority to obtain independent legal or other professional advice as it considers necessary.

During the financial year, five (5) AC meetings were held. Details of the Committee members' attendance at the meetings held during the financial year are as follows:

	Attendance	Percentage
<u>Chairman</u>		
Khalid bin Sufat (Appointed with effect from 4 October 2019)	2/2	100%
Arul Sothy Mylvaganam (Resigned with effect from 1 October 2019)	3/3	100%
<u>Members</u>		
Mustaffa bin Ahmad	5/5	100%
Datin Zaimah binti Zakaria	5/5	100%
Md Adnan bin Md Zain (Resigned with effect from 1 June 2019)	1/1	100%

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Board Committees (cont'd.)

(i) Audit Committee (cont'd.)

The main activities that took place during the meetings were:

- Reviewed the quarterly results, unaudited interim financial statements and year-end financial statements prior to approval by the Board;
- Reviewed the disclosures in the audited financial statements to be in compliance with regulatory requirements;
- Reviewed and recommended to the Board, the actuarial valuation of liabilities and the regulatory capital requirements of the Company for quarterly and year-end financial results to be in compliance with Bank Negara Malaysia's requirements;
- Reviewed and recommended to the Board, the repayment and the provision of Qard for the General Retakaful Fund and the Family Retakaful Fund for the financial year ended 31 March 2019;
- Deliberated on, and recommended to the Board, the payment of dividend for the financial year ended 31 March 2019;
- Reviewed and recommended to the Board, the zakat payable provision/amount and the basis of computation for the financial year ended 31 March 2018 and 31 March 2019;
- Deliberated on, and recommended to the Board, the adoption of new Malaysian Financial Reporting Standards ("MFRSs") and Amendments/Annual Improvements to MFRSs that are effective for the financial year ended 31 March 2020;
- Evaluated the performance and recommended to the Board, the appointment and remuneration of the external auditors for the financial year ended 31 March 2020;
- Reviewed the Related Party Transactions as entered into by the Company on a periodic basis, including understanding the relationship of the transacting parties, the nature of these parties' business, the nature and timing of transactions and comparing the terms of the transactions with other third party transactions;
- Deliberated on significant matters raised by the external auditors including financial reporting issues, significant judgements made by Management, significant and unusual events or transactions and received progress updates from Management on actions taken for improvements;

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Board Committees (cont'd.)

(i) Audit Committee (cont'd.)

The main activities that took place during the meetings were (cont'd.):

- Reviewed the external auditors' management letter and Management's response thereto. Meetings without the presence of the Management were also held with the external auditors on 17 June 2019 and 25 November 2019 respectively. Matters discussed during these meetings include key observations noted by the external auditors during the course of their annual audit;
- Deliberated on matters pertaining to the implementation of MFRS 17 *Insurance Contracts*;
- Reviewed the internal and external auditors' audit plan for the year ended 31 March 2020;
- Reviewed the results of the internal audit reports of the Company on the adequacy and effectiveness of governance, risk management and compliance process within core audit areas i.e. audits of underwriting, claims, and actuarial valuation processes;
- Reviewed the adequacy and effectiveness of corrective actions taken by Management on all significant matters raised by both the internal and external auditors including status of completion achieved;
- Reviewed compliance and anti-money laundering and counter financing terrorism issues as well as evaluated the effectiveness of the overall compliance risk of the Company;
- Deliberated the progress of action plans to address Bank Negara Malaysia's concerns highlighted in Composite Risk Rating Letter for the year 2018; and
- Deliberated on the impact of requirements spelled under Section 17A of Malaysian Anti-Corruption Commission ("MACC") (Amendment) Act 2018 to the Company and the actions to be undertaken to comply with the stipulated requirements.

(ii) Nomination Committee

The Board's NC was established to support and advise the Board of Directors in fulfilling its responsibilities to ensure the Board and the key management personnel of the Company comprise individuals with the appropriate mix of qualifications, skills and experience.

As at the financial year end, the NC comprises two (2) INEDs and one (1) NIED.

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Board Committees (cont'd.)

(ii) Nomination Committee (cont'd.)

During the financial year, five (5) Nomination meetings were held. Details of the Committee members' attendance at the meetings held during the financial year are as follows:

	Attendance	Percentage
<u>Chairman</u>		
Mustaffa bin Ahmad	5/5	100%
<u>Members</u>		
George Oommen	5/5	100%
Mohd Din bin Merican	5/5	100%
Md Adnan bin Md Zain (Resigned with effect from 1 June 2019)	1/1	100%
Arul Sothy Mylvaganam (Resigned with effect from 1 October 2019)	2/2	100%

The PCEO is invited to attend the meetings to furnish the NC with the necessary information and clarification to relevant items on the agenda.

All proceedings at NC meetings are duly recorded in the minutes. The Company Secretary ensures that the minutes are signed by the Chairman and entered into the minutes book.

The Chairman of the NC updates the Board on matters that have been deliberated and considered.

The NC is vested with such power and authority, specific or general, as may be delegated by the Board from time to time. The NC can obtain resources which it requires, including but not limited to, obtaining expert advice, both internal and external, and to have full and unrestricted access to information to enable the NC to fulfil its objectives.

The NC was formed with the objectives to assist the Board to:

- Review and assess the appointment/reappointment of Directors, Board Committee members and Senior Management for recommendation to the Board;

"Senior Management" shall include PCEO, Senior Vice Presidents and other officers reporting directly to the PCEO.
- Advise on the optimal size and mix of skills of the Board and Board Committees; and
- Review and assess the Company's key policies, strategies and practices on human resources, management succession plans and business conduct and ethical behavior of the employees.

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Board Committees (cont'd.)

(ii) Nomination Committee (cont'd.)

The main duties and responsibilities of the NC on nomination matters are summarised as follows:

- Conducting review, assessment and making recommendation to the Board for decision on matters covered under its Terms of Reference or on any other such matters as may be directed by the Board; and
- Exercising its power to decide on behalf of the Board as mandated under its Terms of Reference.

The NC is responsible to review, assess and recommend to the Board the following matters:

- The nomination of new Directors and CEO;
 - In recommending such candidates, NC must take into account the Company's Policy on Diversity and the candidates:
 - Skills, knowledge, expertise and experience;
 - Professionalism;
 - Integrity;
 - Conflict of interest;
 - Fit and proper; and
 - Time commitment.
- The nomination of competent persons of integrity with strong sense of professionalism for appointment as Senior Management;
- The reappointment of a Director and CEO;
- The optimal size and mix of skills to ensure the efficient operation of the Board and Board Committees;
- The membership of Board Committees;
- The appropriate recommendation to the Board on the effectiveness of the Board as a whole and the contribution of each Director based on the findings from the Directors' Annual Evaluation;
- To assess the independence of Independent Directors based on their objective judgement to board deliberations;
- The establishment of an appropriate succession plan for Senior Management and ensure there are programmes to provide for the orderly succession of Senior Management;

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Board Committees (cont'd.)

(ii) Nomination Committee (cont'd.)

- The removal of a Director/CEO and Senior Management from the Board/Company if the Director/CEO and/or Senior Management is ineffective, errant and negligent in discharging his/her responsibilities;
- Re-election of the Directors subject for retirement by rotation based on the provisions in the Company's Constitution at every Annual General Meeting;
- Any human resource matters as may be required from time to time including Employee Engagement;
- To perform all obligations required to be undertaken by the NRC under the Company's Fit & Proper Policy for Key Responsible Persons ("Fit & Proper Policy") which includes, among others, as follows:
 - To review the Fit & Proper policy once a year to ensure their relevance and alignment with material changes in the business and risk profile and strategies of the Company; and
 - To review the list of Key Responsible Persons (as defined in the Fit & Proper Policy) for the Company and be satisfied that the list is comprehensive and has taken into account all key positions.

For avoidance of doubt, the NC is not delegated with decision-making powers for the above matters but is required to report its recommendation to the Board for decision.

The NC Chairman shall report on its proceedings and make any recommendations to the Board at the earliest Board meeting after each NC meeting.

The NC, following its recent annual assessment review, is satisfied that the size of the Board is optimum and that there is an appropriate mix of knowledge, skills, attributes and core competencies in the composition of the Board. The NC is satisfied that all the members of the Board are suitably qualified to hold their positions as Directors in view of their respective academic and professional qualifications, experience, knowledge and personal qualities.

The Directors are able to devote full commitment to their roles and responsibilities as Directors of the Company as no Director holds more than five (5) directorships in other public listed companies.

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Board Committees (cont'd.)

(ii) Nomination Committee (cont'd.)

In accordance with prescribed Corporate Governance best practices, the Nomination Committee undertook these key activities during the financial year:

- Reviewed the proposal to resolve the common directors issue between the Company and the Group;
- Proposed appointment of the Company's Nominee Director of Labuan Reinsurance (L) Ltd;
- Assessed the performance of the Appointed Actuaries prior to their reappointment;
- Assessed and made recommendations on the re-election of Directors retiring by rotation at the AGM;
- Assessed and made recommendations on the re-appointment of the PCEO;
- Reviewed the results of the Annual Assessment on the Effectiveness of the Board and the Individual Board members, including the assessment on the independence of the Independent Directors;
- Assessed the Directors' and Key Senior Management's compliance with the fit and proper criteria approved by the Board which are consistent with the Financial Services Act, 2013 ("FSA 2013"), Islamic Financial Services Act, 2013 ("IFSA 2013") and the Policy Document on Fit and Proper Criteria;
- Assessed and made recommendations on the appointment of a new Director;
- Proposed Amendment of the Terms of Reference of the Nomination Committee;
- Reviewed Board Committee compositions; and
- Annual Review of the Fit and Proper Policy and Procedure.

(iii) Remuneration Committee

As at the financial year end, the Remuneration Committee comprises three (3) INEDs.

The Committee's primary objective is to establish a formal and transparent procedure for developing a remuneration policy for Directors and key senior officers and to ensure that their compensation is competitive and consistent with the Company's culture, objectives and strategies. Additionally, the Committee is also responsible for recommending to the Board the specific remuneration packages for Directors and key senior officers to ensure that these packages are commensurate with the scope of responsibilities held.

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Board Committees (cont'd.)

(iii) Remuneration Committee (cont'd.)

The Board as a whole will determine the remuneration of the Directors. Each individual Director will abstain from the Board discussion and decision on his own remuneration.

During the year, the Remuneration Committee had reviewed and deliberated the on the following matters:

- The achievement of the Balanced Scorecard ("BSC")/Key Performance Indicators ("KPI") for the bonus and performance of staff;
- The proposed BSC/KPI and linkages to annual increment and bonus;
- Proposal on the Car Allowance Scheme for staff;
- Proposed new Salary Structure for Executive & Confidential Staff; and
- Directors' Fees and Directors' meeting allowance.

During the financial year, four (4) Remuneration Committee meetings were held. Details of the Committee members' attendance at the meetings held during the financial year are as follows:

	Attendance	Percentage
<u>Chairman</u>		
Mustaffa bin Ahmad (Appointed with effect from 24 May 2019) (Redesignated as Chairman with effect from 4 October 2019)	3/3	100%
Arul Sothy Mylvaganam (Resigned with effect from 1 October 2019)	2/2	100%
<u>Members</u>		
Datin Zaimah binti Zakaria	4/4	100%
Khalid bin Sufat (Appointed with effect from 4 October 2019)	2/2	100%
Md Adnan bin Md Zain (Resigned with effect from 1 June 2019)	1/1	100%

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Board Committees (cont'd.)

(iv) Risk Management Committee of the Board ("RMCB")

The Board has established a dedicated RMCB which oversees the implementation of an enterprise-wide risk management framework.

As at the financial year end, the RMCB comprises three (3) INEDs.

The RMCB is responsible for the following:

- Review and recommend risk strategies, policies, risk appetite and tolerance limits to the Board;
- Review the Group ERM Framework and related sub-frameworks, processes and responsibilities, and determine whether they provide reasonable assurance that the risks are being managed within tolerable limits;
- Ensure adequate infrastructure, resources and systems are in place for an effective risk management and the staff responsible for implementing risk management systems perform those duties independently;
- Provide stewardship by reviewing and acknowledging the key risks identified by the Operational Risk Management Committee ("ORMC");
- Ensure the Company has the appropriate mechanisms in place to manage, communicate and report the identified risks to the Board;
- Ensure alignment of risk activities with the risk strategies and policies approved by the Board; and
- Ensure risk management is well-integrated and embedded into the culture and business operations of the Company.

During the financial year, seven (7) RMCB meetings were held. Details of the RMCB members' attendance at the meetings held during the financial year are as follows:

	Attendance	Percentage
<u>Chairman</u>		
Datin Zaimah binti Zakaria (Redesignated as Chairman with effect from 4 October 2019)	7/7	100%
Md Adnan bin Md Zain (Resigned with effect from 1 June 2019)	1/1	100%
Mustaffa bin Ahmad (Redesignated as Chairman with effect from 18 June 2019) (Resigned with effect from 4 October 2019)	4/4	100%

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Board Committees (cont'd.)

(iv) Risk Management Committee of the Board ("RMCB") (cont'd.)

	Attendance	Percentage
<u>Members</u>		
George Oommen (Appointed with effect from 24 May 2019)	6/6	100%
Khalid bin Sufat (Appointed with effect from 4 October 2019)	2/3	67%

(v) Investment Committee

As at the financial year end, the Investment Committee comprises two (2) INEDs and one (1) NIED.

This Committee oversees, guides and monitors the investment operations of the Company as well as approves recommended investment related transactions. The Committee is also responsible to note and approve specific transactions of a nature that, by regulation, requires awareness of and sanctioning by the Board.

During the financial year, four (4) Investment Committee meetings were held. Details of the Committee members' attendance at the meetings held during the financial year are as follows:

	Attendance	Percentage
<u>Chairman</u>		
Datin Zaimah binti Zakaria	4/4	100%
<u>Members</u>		
Mohd Din bin Merican	4/4	100%
George Oommen (Appointed with effect from 4 October 2019)	2/2	100%
Mustaffa bin Ahmad (Resigned with effect from 4 October 2019)	2/2	100%

Group Shariah Committee

The Company is advised by the Group Shariah Committee ("GSC") of MNRB for its Retakaful Division. The GSC, as an integral function of Shariah governance, is responsible to provide Shariah advisory oversights and to ensure compliance of the Group's Takaful and Retakaful business activities with Shariah principles during the reporting period.

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Group Shariah Committee (Cont'd.)

The establishment of the GSC is in compliance with the IFSA 2013 and BNM's Shariah Governance ("SG") which outlines BNM's strengthened expectations for effective Shariah governance arrangements that are well-integrated with business and risk strategies of the Islamic financial institutions ("IFI").

Any Shariah non-compliance risk is reported to the GSC and the Board. The effective management of the Shariah non-compliance risk is ensured through the Shariah Control function i.e. Shariah Review, Shariah Audit and Shariah Risk Management and presentation of a periodic report on Shariah non-compliance and highlights of action plans undertaken to address any Shariah non-compliance risk.

Under BNM's SG, the GSC must consist of at least five (5) members. The majority of members shall be Shariah qualified persons that fulfil the following requirements:

- a) holds, at minimum, a Bachelor's degree in Shariah, which includes study in Usul Fiqh (principles of Islamic jurisprudence) or Fiqh Muamalat (Islamic transaction / commercial law);
- b) possesses solid knowledge in Shariah with reasonable Islamic finance knowledge and experience of the relevant industry; and
- c) demonstrates strong proficiency and knowledge in written and verbal Arabic, with good command in the preferred language of the IFI, either Bahasa Malaysia or English language.

The GSC plays a significant role in providing objective and sound advice to the Company's retakaful business to ensure that its aims and operations, business, affairs and activities are in compliance with Shariah. This includes:

- Providing a decision or advice to the Company's retakaful business on the application of any rulings of the Shariah Advisory Council ("SAC") of BNM or standards on Shariah matters that are applicable to the operations, business, affairs and activities of the Retakaful Division;
- Providing a decision or advice on matters that require a reference to be made to the SAC of BNM;
- Providing a decision or advice on the operations, business, affairs and activities of the Company's retakaful business which may trigger a Shariah non-compliance event;
- Deliberating and affirming a Shariah non-compliance finding by any relevant functions; and
- Endorsing a rectification measure to address a Shariah non-compliance event.

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Group Shariah Committee (Cont'd.)

A total of eight (8) GSC meetings were held during the financial year. Details of the GSC members' attendance at the meetings held during the financial year were as follows:

	Attendance	Percentage
<u>Chairman</u>		
Prof. Dato' Dr. Ahmad Hidayat Buang	8/8	100%
<u>Members</u>		
Datuk Nik Moustpha Nik Hassan	7/8	88%
Assoc. Prof. Dr. Syed Musa Syed Jaafar Alhabshi	8/8	100%
Assoc. Prof. Dr. Said Bouheraoua	8/8	100%
Assistant Prof. Dr. Muhammad Naim Omar	8/8	100%
Assoc. Prof. Dr. Mohamed Fairouz Abdul Khir	8/8	100%

Key information on each of the GSC member is set out under the section 'Group Shariah Committees Members Profile' on pages 42 to 44.

Whistleblowing

The Company is committed to carrying out its business in accordance with the highest standards of professionalism, honesty, integrity and ethics. Accordingly, the Company adopts the MNRB Group's Whistleblowing Policy which was established with the following objectives:

- To help develop a culture of accountability and integrity within the Company;
- To provide a safe and confidential avenue for all employees, external parties and other stakeholders to raise concerns about any misconduct;
- To reassure whistleblowers that they will be protected from detrimental action or unfair treatment for disclosing concerns in good faith; and
- To deter wrongdoing and promote standards of good corporate practices.

This Policy governs the disclosures, reporting and investigation of misconduct within the Company as well as the protection offered to the persons making those disclosures ("whistleblowers") from detrimental action in accordance with Whistleblower Protection Act, 2010.

It is the Company's policy to encourage its employees and external parties to disclose any misconduct, and to fully investigate reports and disclosures of such misconduct, as well as to provide the whistleblower protection in terms of confidentiality of information, and to safeguard the whistleblower from any act of interference that may be detrimental to the whistleblower. The Company assures whistleblowers that all reports will be treated with strict confidentiality and upon verification of genuine cases, prompt investigation will be carried out.

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Whistleblowing (cont'd.)

The official avenues for disclosure by the whistleblower are via any of the following recipients:

- The Chairman of MNRB;
- The Chairman of the Audit Committee of MNRB; or
- The President and Group CEO of MNRB.

The disclosure of misconduct or wrongdoing shall be made in writing via email to disclosure@mnr.com.my.

Accountability and Audit

(i) Financial Reporting

The Board takes responsibility for presenting a balanced and comprehensive assessment of the Company's operations and prospects each time it releases its annual financial statements. The Audit Committee of the Board assists by scrutinising the information to be disclosed to ensure accuracy, adequacy and completeness. The Directors are responsible for ensuring that the accounting records are kept properly and that the Company's financial statements are prepared in accordance with applicable approved accounting standards in Malaysia.

The Statement by Directors pursuant to Section 252 (1) of the Companies Act, 2016 is set out on page 45 of the financial statements.

(ii) Internal Control and Risk Management

Responsibility

The Board acknowledges its overall responsibility for the establishment and oversight of the Company's risk management and internal control system, as well as the review of its adequacy and effectiveness. The Board also recognises that risk management is a continuous process, designed to manage risks impacting the Company's business strategies and objectives, within the risk appetite and tolerance established by the Board. In pursuing these objectives, internal control systems can only provide reasonable, but not absolute, assurance against any material financial misstatement, fraud or losses.

The Board adopts the Group Enterprise Risk Management ("Group ERM") Framework that describes the structure, approach and process for identifying, evaluating, responding to, monitoring and managing the significant risks faced by the Company. The Framework has been in place for the whole of the financial year ended 31 March 2020 and has continued up to the date on which this report was approved.

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Accountability and Audit (cont'd.)

(ii) Internal Control and Risk Management (cont'd.)

Responsibility (cont'd.)

The Group ERM Framework serves as a central risk management framework, supported by related sub-frameworks, policies and underlying procedures.

The Board is confident that the Framework provides reasonable assurance on the effectiveness and efficiency of the strategic, financial and operational aspects of the Company. The Framework is regularly reviewed by the Board.

Risk Management Governance

- A dedicated Board Committee known as RMCB has been established at the Company to oversee the implementation of an enterprise-wide risk management framework. As part of the risk governance process, the Chairman of RMCB has provided his confirmation to the Chairman of the Company that the necessary risk management framework had been put in place and is operating adequately, in all material aspects, to safeguard shareholder's interests and the Company's assets, as well as to manage the risks of the Company for the entirety of the financial year ended 31 March 2020.
- A dedicated Management Committee known as the Operational Risk Management Committee ("ORMC") was also established at the Company to assist the RMCB in implementing the Group ERM Framework and ensuring the inculcation of a proactive risk management culture on an enterprise-wide basis.
- The day-to-day responsibility for the risk management function lies primarily with those entrusted with risk management responsibilities in the business and support units. The Group Chief Risk Officer ("GCRO") oversees risk governance at the Company and assists the ORMC and RMCB in ensuring effective implementation and maintenance of the Group ERM Framework. The GCRO is supported by the Risk Management Department which was formed to provide the necessary infrastructure to carry out the risk management function and act as the central contact and guide for enterprise risk management issues. The risk governance structure is aligned across the MNRB Group through the adoption of the Group ERM Framework in order to embed a streamlined and coherent risk management culture.
- The Company adopts the 'Three Lines of Defence' model which provides a formal, transparent and effective risk governance structure to promote active involvement from the Board, Senior Management and all staff in the risk management process at the Company.

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Accountability and Audit (cont'd.)

(ii) Internal Control and Risk Management (cont'd.)

Risk Management and Internal Control Structure

The key features that the Board has established in reviewing the adequacy and effectiveness of the risk management framework and internal control system include the following:

(i) Group ERM Framework

Risk Management Structure

The Board believes that an effective Group ERM Framework and strong internal control system are essential to the Company in its pursuit to achieve its business objectives, especially on the continued profitability and enhancement of shareholders' value in today's rapidly changing market environment.

The Group ERM Framework and risk management process are based on, and consistent with, the MS ISO 31000 : 2010 Risk Management – Principles and Guidelines.

Risk Appetite

Defining risk appetite is an essential element of the Company's enterprise risk management. When deciding on its risk appetite, the Company considers its risk capacity, i.e. the amount and type of risk the Company is able to support in pursuit of its business objectives, taking into account its capital structure and access to financial markets.

The Risk Appetite Statement ("RAS") is established by the Board and is regularly reviewed, according to the desired level of risk exposures. Management operationalises the RAS into risk tolerance levels for specific risks.

Highlights on Key Risks

The Company, through its normal day-to-day business, is exposed to different types of risks that could adversely affect the Company's operating results and financial position. Key risks are constantly monitored by the Management and escalated to the ORMC and RMCB, and periodically reviewed by the Board.

The Company's key risks are described in the relevant sections of the Financial Statements.

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Accountability and Audit (cont'd.)

(ii) Internal Control and Risk Management (cont'd.)

Risk Management and Internal Control Structure (cont'd.)

(ii) Internal Audit

- The Audit Committee complements the oversight role of the Board by providing an independent assessment of the adequacy and reliability of the risk management process, and compliance with the risk policies and regulatory guidelines. The Audit Committee is assisted by an independent Internal Audit Department ("IAD") in performing its role.
- The internal audit function of the Company is undertaken by the IAD established at the Group level. The department reports directly to the Audit Committee of the Company.
- The IAD performs regular reviews of the business processes of the Company in an effort to assess the adequacy and effectiveness of internal controls.
- Where applicable, it provides recommendations to improve on the effectiveness of risk management, controls and governance processes. Management will accordingly follow through to ensure the resolution of recommendations agreed upon. Audit reviews are carried out on functions that are identified on a risk-based approach, in the context of the Company's evolving business and its regulatory environment, while also taking into consideration inputs of Senior Management and the Audit Committee.
- The Audit Committee meets at least once every quarter to review matters identified in reports prepared by the Internal Auditors, External Auditors and Regulatory Authorities. It further evaluates the effectiveness and adequacy of the Company's internal control system. The Audit Committee has active oversight on the Internal Auditors' independence, scope of work and resources. The activities undertaken by the Audit Committee during the year are highlighted in the Audit Committee Reports of the Company.

(iii) Other Key Elements of Internal Control

- The Board adopts communication policies to ensure that all decisions made are communicated promptly to staff of all levels within the Company and vice versa where feedback and suggestions on improvements could be communicated to the Management and the Board.

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Accountability and Audit (cont'd.)

(ii) Internal Control and Risk Management (cont'd.)

Risk management and internal control structure (cont'd.)

(iii) Other Key Elements of Internal Control (cont'd.)

- The Company has a well-defined organisational structure with clear lines of responsibility and accountability. Further, to minimise errors and reduce the possibilities of fraud, segregation of duties is practised by ensuring conflicting tasks are assigned to different employees.
- Annual business plans and budgets are developed in line with the Company's strategies and risk appetite, and submitted to the Board for approval. Financial performance and major variances against targets are reviewed by the Management on a regular basis and reported to the Board on a quarterly basis.
- The Company's financial systems record all transactions to produce performance reports that are submitted to the respective Management within internally stipulated timelines. These performance reports are tabled to the Audit Committee and approved by the Board. □
- The Underwriting Guidelines for reinsurance and retakaful businesses have been put in place to manage risks being underwritten.
- Retrocession and retrotakaful programmes are in place as risk mitigation initiatives, supported by a spread of reinsurers and retakaful operators with acceptable ratings from accredited agencies. The credit ratings of these companies are reviewed on a regular basis.
- Departmental policies and procedures are available and act as guidance to employees on the necessary steps to be taken in a given set of circumstances. It also specifies relevant authority limits to be complied with by each level of Management.
- Every employee of the Company is contractually bound to observe the prescribed standards of business ethics in their conduct at work and their relationships with external parties such as customers and suppliers. The Company expects each employee to conduct him/herself with integrity and objectivity and not to place him/herself in a position of conflict of interest.

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Accountability and Audit (cont'd.)

(ii) Internal Control and Risk Management (cont'd.)

Risk management and internal control structure (cont'd.)

(iii) Other Key Elements of Internal Control (cont'd.)

- The Company utilises the Skills Competency Matrix that provides a comprehensive view of the types and levels of skills and competencies needed for any particular job role. The competence of personnel is maintained through a structured recruitment process, a performance measurement and rewards system and a wide variety of training and development programmes.
- The Company implements the annual Mandatory Block Leave ("MBL") to create a positive talent management culture where the Company does not have an overreliance on any particular employee, and as a prudent operational risk management measure particularly with regard to employees posted in sensitive positions or areas of operations such as underwriting, treasury, procurement or investment.
- An annual employee engagement survey is conducted with the objective to gauge the engagement level of employees, to gather their feedback on the effectiveness/ineffectiveness of the various employee touch points and to develop the necessary action plans for improvement of those areas.
- The Group Anti-Fraud Policy has been established to provide a consistent approach to prevent, detect and manage fraud, and to make a clear statement to all employees that the Company does not tolerate fraud of any form.
- The Company adopts the Group Anti-Money Laundering and Countering Financing of Terrorism ("AML/CFT") Policy Statement to reflect the Company's commitment in combating money laundering and financing of terrorism.
- A Group Whistleblowing Policy is in place for employees, external parties and other stakeholders to raise concerns about illegal, unethical or unacceptable practices. This policy governs the disclosures, reporting, investigation of misconduct and protection offered to the person(s) making those disclosures in accordance with the Whistleblowing Protection Act 2010.
- A structured Business Continuity Management ("BCM") programme is in place to ensure resumption of critical business operations within the pre-defined Maximum Tolerable Downtime ("MTD").

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Accountability and Audit (cont'd.)

(ii) Internal Control and Risk Management (cont'd.)

Risk management and internal control structure (cont'd.)

(iii) Other Key Elements of Internal Control (cont'd.)

- The Company has also established a Disaster Recovery Plan ("DRP") which outlines the processes and set of procedures to recover the Company's IT infrastructure within a set Recovery Time Objective ("RTO"). The DRP is validated by conducting regular tests and updated as and when necessary.
- Sufficient insurance and takaful coverage, including covers for properties, employee-related, cyber security breaches, and Directors and Officers liabilities, are in place to ensure the Company is adequately protected against these risks and/or claims that could result in financial or reputational loss.
- The GSC has been established to assist the Board in making decisions on Shariah related policies and provide oversight on Shariah related matters, including to ensure compliance with Shariah principles.
- The Information Technology Steering Committee ("ITSC") is established to oversee the implementation of IT strategic plans and provide direction in support of IT related initiatives and activities.
- The Information Communication & Technology Department is responsible for continuously monitoring and responding to IT security threats to the Company, conducting awareness programmes, as well as performing assessments and network penetration test programmes.

(iii) Relationship with Auditors

Information on the role of the Audit Committee in relation to the External Auditors is set out under the section 'Audit Committee' on pages 19 to 21.

The Company has always maintained a close and transparent relationship with its Auditors in seeking professional advice and ensuring compliance with the approved accounting standards.

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Accountability and Audit (cont'd.)

(iv) Management Accountability

The Company has an organisational structure showing all reporting lines as well as clearly documented job descriptions for all its Management and Executive employees and formal performance appraisals are done on a periodic basis.

Authority limits, as approved by the Board, are clearly established and made available to all employees.

Whilst the Board is responsible for creating the framework and policies within which the Company should be operating, the management is accountable for the execution of the enabling policies and attainment of the Company's corporate objectives.

(v) Corporate Independence

Significant related party transactions and balances are disclosed in Note 34 to the financial statements.

(vi) Public Accountability

As a custodian of public funds, the Company's dealings with the public are always conducted fairly, honestly and professionally.

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Board of Directors' Profile

George Oommen, Independent Non-Executive Chairman

Male, Malaysian, Independent Non-Executive Chairman/Director since 7 January 2019. Member of the Nomination Committee, Risk Management Committee and Investment Committee. He is a Chartered Accountant with the Malaysian Institute of Accountants. He is also a certified Accountant by the Chartered Association of Certified Accountants Malaysia and the Malaysian Association of Certified Public Accountants Malaysia. He has thirty-six (36) years' of experience in the insurance industry. He began his career in 1981 when he joined American International Assurance Company Ltd as an Accountant. In 1999, he joined AIG Lippo Life Insurance Company, Indonesia as Vice President-Director. He then joined TATA AIG Life Insurance Company, India, in 2001, as Managing Director. George Oommen later joined ACE INA Holdings Inc, India as Country Head/CEO in 2001. In 2003, he joined ACE Life, Cairo, Egypt as Chairman/Managing Director. In 2005, he joined ACE India Representative Office, India as Country Head/CEO. In 2006, he joined Signtech International Sdn Bhd as Chief Executive Officer. He later joined Dubai International Financial Centre (DIFC), UAE in 2007 where he was appointed as the Executive Director, Business Development. In 2010, he joined MENA Dubai, UAE as CEO & General Representative, Assicurazioni Generali S.p.A. Chairman of Labuan Reinsurance (L) Ltd. Also a Director of MNRB, Takaful IKHLAS Family, Takaful IKHLAS General and Malaysian Re (Dubai) Ltd ("MRDL"). Not related to any Director and/or major shareholder of the Company. Does not have any conflict of interest with the Company and has never been convicted for any offences, public sanction or penalty imposed by the relevant regulatory bodies within the past five (5) years. Attended all the six (6) Board Meetings held in the financial year.

Mohd Din bin Merican, Non-Independent Executive Director

Male, Malaysian, Non-Independent Non-Executive Director since 2 March 2012 and redesignated as Non-Independent Executive Director on 2 March 2018. Member of the Investment Committee and the Nomination Committee. Also the President & Group Chief Executive Officer of MNRB Holdings Berhad. Obtained a Bachelor of Commerce (Honours) degree from Carleton University, Ottawa, Canada. He is an Associate of The Malaysian Insurance Institute ("AMII") since 1991. He has more than thirty (30) years' experience in the insurance industry and has held key management positions in various insurance, insurance broking and reinsurance firms including being the Principal Officer & General Manager of SCOR Switzerland Ltd (Converium Ltd), Labuan Branch. Prior to joining MNRB, he was the Chief Operating Officer of Maybank Ageas Holdings Berhad and the Chief Executive Officer of Etiqa Insurance Berhad. Formerly a member of the Management Committee of Persatuan Insurans Am Malaysia, National Insurance Association of Malaysia and President of Life Insurance Association of Malaysia. A Director of Sinar Seroja Berhad ("SSB"), MRDL, Labuan Reinsurance (L) Ltd ("Labuan Re") and Motordata Research Consortium Sdn Bhd. An Executive Director of Takaful IKHLAS Family (also President & CEO) and Takaful IKHLAS General. Not related to any Director and/or major shareholder of the Company. Does not have any conflict of interest with the Company and has never been convicted for any offences, public sanction or penalty imposed by the relevant regulatory bodies within the past five (5) years. Attended all the six (6) Board Meetings held in the financial year.

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Board of Directors' Profile (cont'd.)

Mustaffa bin Ahmad, Independent Non-Executive Director

Male, Malaysian. Independent Non-Executive Director since 1 June 2015. Chairman of the Nomination Committee and Remuneration Committee. Member of the Audit Committee. He graduated with a Bachelor of Science (Honours) degree in Statistics from the Heriot-Watt University, Edinburgh, Scotland in 1978. He worked for several insurance companies since 1978 and then joined Malaysian National Reinsurance Berhad as Senior Manager in 1989. He assumed various other roles whilst he was in Malaysian National Reinsurance Berhad. Following the MNRB Group restructuring exercise in 2005, he was transferred to Malaysian Reinsurance Berhad and was appointed as the Chief Operating Officer until 2010. Not related to any Director and/or major shareholder of the Company. Does not have any conflict of interest with the Company and has never been convicted for any offences, public sanction or penalty imposed by the relevant regulatory bodies within the past five (5) years. Attended all the six (6) Board Meetings held in the financial year.

Datin Zaimah binti Zakaria, Independent Non-Executive Director

Female, Malaysian. Independent Non-Executive Director since 1 April 2016. Chairman of the Investment Committee and Risk Management Committee. Member of the Audit Committee and the Remuneration Committee. She obtained a Bachelor of Science (Agribusiness) degree from Universiti Putra Malaysia, Serdang in 1981, and in 2003, she obtained a Masters of Business Administration (Finance) from International Islamic University Malaysia ("IIUM"), Gombak. She started her career in Bank Bumiputra (Malaysia) Berhad as an Accountant and had since served in various divisions of three (3) other banks prior to her appointment as the Executive Vice President, Head of Group Strategic Business and Regional Integration as well as Group Treasury and Global Markets of RHB Bank Berhad in 2008. She had also been a Director of Labuan Re representing the RHB Banking Group. Currently a Director of AXA Affin General Insurance Berhad, Bank Simpanan Nasional Berhad and one (1) private limited company. She has accumulated more than thirty (30) years of experience in Commercial, Investment and Islamic Banking. Her field of expertise include treasury management, capital and money market investments, funding and liquidity management, and also strategic planning. Not related to any Director and/or major shareholder of the Company. Does not have any conflict of interest with the Company and has never been convicted for any offences, public sanction or penalty imposed by the relevant regulatory bodies within the past five (5) years. Attended all the six (6) Board Meetings held in the financial year.

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Board of Directors' Profile (cont'd.)

Khalid bin Sufat, Independent Non-Executive Director

Male, Malaysian, Independent Non-Executive Director since 1 October 2019. Chairman of the Audit Committee. Member of the Risk Management Committee and Remuneration Committee. He is a fellow Member of Association of Chartered Certified Accountants (UK), Member of Malaysian Institute of Certified Public Accountants and Member of Malaysian Institute of Accountants. He has considerable experience in the banking industry having held several senior positions, namely, Managing Director of Bank Kerjasama Rakyat Malaysia Berhad, General Manager, Consumer Banking of Malayan Banking Berhad and Executive Director of United Merchant Finance Berhad. He had previously managed three (3) listed companies as Executive Director of Tronoh Mines Malaysia Berhad, as Deputy Executive Chairman of Furqan Business Organisation Berhad and as Group Managing Director of Seacera Tiles Berhad. Also a Director of Employees Provident Fund, Kuwait Finance House (Malaysia) Berhad and MNRB Holdings Berhad. Not related to any Director and/or major shareholder of the Company. Does not have any conflict of interest with the Company and has never been convicted for any offences, public sanction or penalty imposed by the relevant regulatory bodies within the past five (5) years. Attended two (2) Board Meetings held in the financial year since his appointment.

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Group Shariah Committee Members Profile

Prof. Dato' Dr. Ahmad Hidayat Buang

Male, Malaysian. He was appointed as the GSC Chairman on 2 November 2015. He was a Shariah Committee member of Takaful IKHLAS Family since 2002 and was subsequently appointed as the Shariah Committee Chairman of Takaful IKHLAS Family since 2013 until its dissolution on 2 November 2015. He obtained Masters in Law and Doctorate (specialising in Islamic Contracts) from University of London, United Kingdom and Bachelor in Shariah from the University of Malaya, Malaysia. He is a Professor at the Academy of Islamic Studies at University of Malaya. Previously, he was a Director for the Academy of Islamic Studies from October 2006 until February 2011. He is currently an Independent Non-Executive Director of Takaful IKHLAS Family. He was also a former member of OCBC Al-Amin Bank Berhad Shariah Council and CIMB Islamic Bank Berhad's Shariah Council. He is also the Chairman of Shariah Supervisory Council at Bank Islam Malaysia Berhad.

Datuk Nik Moustpha Nik Hassan

Male, Malaysian, Independent Non-Executive Director effective 30 November 2018. He was a member of Shariah Committee of Takaful IKHLAS Family since December 2002 and SSB since April 2012 until its dissolution on 2 November 2015. On 2 November 2015, he was appointed as a member of the Group Shariah Committee of MNRB. He obtained a Bachelor of Business Administration Degree from Ohio University, Ohio, United States of America in 1977 and Master of Administration (Economics) from Ohio University in 1978. He joined the Faculty of Economics and Agribusiness of the Agriculture University of Malaysia as a lecturer in 1979. In 1983 he joined the Faculty of Economics, IIUM. He was appointed as the Dean of the Faculty of Economics and Management of IIUM from 1987 till 1989. He was also a Visiting Fellowship at Oxford Centre for Islamic Studies, Oxford University, United Kingdom for one academic year. Upon completion, he resumed as the Dean of the Faculty of Post Graduate Studies at IIUM in 1992. He joined the Institute of Islamic Understanding Malaysia ("IKIM") in 1993 and held various positions before retiring as the Director General of IKIM in 2015. He is an Independent Non-Executive Director of Takaful IKHLAS General. He is also a Director of Duopharma Biotech Berhad. He was a Director of Takaful IKHLAS Family from 1 March 2016 until 27 August 2019.

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Group Shariah Committee Members Profile (cont'd.)

Assistant Prof. Dr. Muhammad Naim Omar

Male, Malaysian. He was appointed as the GSC member on 2 November 2015. A Shariah Committee member of Takaful IKHLAS Family since April 2009 until its dissolution on 2 November 2015. He holds a Bachelors Degree in Shariah Law from Al-Azhar University, Egypt. He received his Masters Degree from Cairo University, Egypt in Shariah Law and later received Ph.D specialising in Islamic Law from the University of Wales, Lampeter, United Kingdom. He is an Assistant Professor of Islamic Law at Ahmad Ibrahim Kulliyah of Laws, IIUM. He is also a member of OCBC Al Amin Bank Berhad's Shariah Committee and a Member of the Shariah Committee of Lembaga Zakat Selangor. His areas of interest among others are Islamic Law of Transaction, Islamic Legal System and Islamic Jurisprudence. He had presented and published numerous articles and papers on many subjects especially in his areas of interest.

Assoc. Prof. Dr. Syed Musa Syed Jaafar Alhabshi

Male, Malaysian. Appointed as the GSC member on 2 November 2015. Shariah Committee member of SSB since 1 June 2011 until its dissolution on 2 November 2015. Shariah Committee member of Takaful IKHLAS Family since September 2012 until August 2015. He obtained his Diploma in Business Studies from Ngee Ann Polytechnic, Singapore in 1984, a Bachelor of Business Administration (Hons). Degree from the IIUM in 1989 and a Doctorate in Business Administration majoring in Accounting and Finance from University of Strathclyde, Glasgow, United Kingdom in 1984. He began his career with Coopers & Lybrand, Singapore as an Audit Assistant in 1984. From 1989 until 1994, he joined IIUM as an Assistant Lecturer and upon completion of his doctorate he became an Assistant Professor and held various academic administrative positions in IIUM until 2000. He joined Universiti Tun Abdul Razak in 2000 as an Associate Professor and became Head of Centre for Graduate Studies. He later served as Dean of Faculty of Business in 2004. In 2006, he joined Amanie Business Solutions Sdn Bhd as a Principal Consultant until 2009 and as a Fellow Consultant from 2010 to 2012. In 2009, he resumed his academic career as Associate Professor with Universiti Tun Abdul Razak and appointed as Dean of Graduate School of Business in 2010. Since October 2012, he is the Associate Professor of Institute of Islamic Banking and Finance ("IiBF"), IIUM. He served as Dean of IiBF, IIUM for period of 2017 to 2019. He is currently a Shariah Committee member of Bank of Tokyo - Mitsubishi UFJ (Malaysia) Berhad, a Shariah Committee member of Labuan Offshore Financial Services Authority ("LOFSA") and a member of Shariah Advisory Council, Securities Commission Malaysia.

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Group Shariah Committee Members Profile (cont'd.)

Assoc. Prof. Dr. Said Bouheraoua

Male, Algerian. He was appointed as the GSC member on 2 November 2015. Shariah Committee member of SSB since 1 April 2011 until its dissolution on 2 November 2015. He completed his Ph.D in Islamic Law (Shariah) from the International Islamic University Malaysia ("IIUM"). He was an Associate Professor at Department of Islamic Law, Ahmad Ibrahim Kulliyah of Laws, IIUM. He is currently a Director of Research Development and innovation at the International Shariah Research Academy for Islamic Finance ("ISRA") and the editor-in-chief of ISRA International Journal of Islamic Finance. He is an Independent Non-Executive Director and the Chairman of Shariah Committee of Affin Islamic Bank Berhad, and a member of higher Shariah Committee of the Central Bank of the Oman Sultanate. He has throughout his career worked as Lecturer / Researcher and has published several books, chapter in books and articles in international referred journals. He has also presented papers in international conferences and conducted training sessions in Islamic Finance in Malaysia and abroad.

Assoc. Prof. Dr. Mohamed Fairouz Abdul Khir

Male, Malaysian. He was appointed as the GSC member on 2 November 2015. He was a Shariah Committee member of SSB since April 2013 and also Shariah Committee member of Takaful IKHLAS Family since April 2014 until its dissolution on 2 November 2015. Holds a Bachelor of Arts in Islamic Revealed Knowledge and Human Sciences (Fiqh & Usul Fiqh) from IIUM in 2000. Obtained his Masters in Shariah from University of Malaya, Malaysia in 2005 and completed his Ph.D in Islamic Finance from the same university in 2011. He started his career with IIUM Centre for Foundation Studies since 2002 as a lecturer in the department of Islamic Revealed Knowledge and Human Sciences. After eight (8) years in services, he resumed his career as a Researcher at ISRA and currently he is an Associate Professor at Islamic University of Malaysia, Cyberjaya. He is currently a Shariah Advisory Council member of Securities Commission Malaysia, a Shariah Committee member of Maybank Islamic Berhad and a Shariah Committee member of AGRO Bank. He is actively involved in research works, writing books and presentation of research papers at various local and international conferences and forums. He had been conferred an Excellence Award by University of Malaya for early completion of his Ph.D study.