

## SUN LIFE MALAYSIA TAKAFUL BERHAD

(Company No. 200501012215 (689263-M))

### CHARTER OF THE EXECUTIVE COMMITTEE

#### 1. Purpose

The Executive Committee is a standing committee of the Board of Directors whose primary functions are to assist the Board of Directors with its oversight role with respect to:

- 1.1 The review and recommendation for approval of the matters set out in clauses 6.4 and 6.5 of the Shareholders Agreement before being tabled to the Risk management Committee and subsequently to the Board of Directors for deliberation and approval. Details of the matters set out in clauses 6.4 and 6.5 of the Shareholders Agreement are available in Appendix 1.
- 1.2 The review and recommendation for approval of the matters set out in clauses 9.3(a),(b) and (c) before being tabled to the Board of Directors for deliberation and approval. Details of the matters set out in clauses 9.3(a), (b) and (c) of the Shareholders Agreement are available in Appendix 1.

#### 2. Membership

The Executive Committee comprises an equal number of directors nominated by each of the Shareholders (the Representatives), namely Renggis Ventures Sdn Bhd (RVSB) and Sun Life Assurance Company of Canada (SLA) with a maximum of two Representatives from each.

##### 2.1 Structure and Operations

A meeting of the Committee may be called at any time if requested to do so by any member of the Committee. The Committee meets as frequently as necessary.

In absence of a meeting, issues shall be resolved by way of circular resolutions. The circular resolutions may consist of several documents in the same form, each executed by one or more of the members of the Committee. Any such resolutions may be transmitted by the members of the Committee via facsimile transmission or email to the Secretary.

On an annual basis, the Committee will review the Charter and where necessary, recommend changes to the Board of Directors for approval.

##### 2.2 Quorum

The quorum at any meeting of the Committee shall be at least two members. The Company Secretary or a nominee shall act as Secretary of the Executive Committee.

##### 2.3 Duties and Responsibilities of the Executive Committee

- 2.3.1 The review and recommendation for approval of the matters set out in clauses 6.4 and 6.5 of the Shareholders Agreement before being tabled to the Risk management Committee and subsequently to the Board of Directors for deliberation and approval. Details of the matters set out in clauses 6.4 and 6.5 of the Shareholders Agreement are available in Appendix 1.
- 2.3.2 The review and recommendation for approval of the matters set out in clauses 9.3(a),(b) and (c) before being tabled to the Board of Directors for deliberation and approval. Details of the matters set out in clauses 9.3(a), (b) and (c) of the Shareholders Agreement are available in Appendix 1.
- 2.3.3 Performs such other duties and exercises such other powers as may, from time to time, be assigned to or vested in the Committee by the Board.

- END -

## MATTERS SET OUT IN CLAUSES 6.4 AND 6.5 IN THE SHAREHOLDERS AGREEMENT

<p><b>6.4 Majority decisions</b> - must be approved by the <b>executive committee</b> before being tabled to the <b>risk management committee</b> and <b>subsequently the Board</b> for deliberation and approval</p>
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The following matters require the **affirmative vote of at least 1 non-independent Director nominated by each Shareholder**:

- (a) **Capital expenditure**: capital expenditure in any financial year exceeding:
  - 120% of the limit set in the annual budget in respect of any one line item;
  - a total of 120% of the limit set in the annual budget in respect of a series of related line items; or
  - any other amount set under clause 6.6
- (b) **Borrowing**: any borrowing by the Company resulting in a total exceeding 120% of the borrowing limit set in the annual budget.
- (c) **Loans**: the provision of any loan to any person, other than those provided in the ordinary course of the Business.
- (d) **Guarantees**: the Company entering into or becoming liable under any guarantee or indemnity, or similar arrangement under which the Company may incur liability, in respect of the financial obligation of any other person, other than, subject to other sub-paragraphs in this clause 0, those entered into or under which the Company becomes liable in the ordinary course of the Business.
- (e) **Encumbrance**: the creation of an Encumbrance over any asset of the Company for the benefit of any other person.
- (f) **Litigation**: any decision to commence, defend or compromise any litigation or other similar procedure other than in the ordinary course of the Business involving debt collection or except where legal advice is given to the Company that the defence of an action shall be undertaken on an urgent basis or that an urgent application for injunctive relief or other interim order for preservation shall be made, in which case the Directors shall be notified before or at the next subsequent Board meeting.
- (g) **Change in Business**: the carrying on by the Company of any business other than the Business, any material alteration in nature of the scope of the Business and, other than in the case of clause 17.5, the acquisition of any business or the entry into of any new business and consequently any changes to the organisational structure of the Company.
- (h) **Registered office**: any change to the registered office of the Company.
- (i) **Related party business**: the entering into of any contracts or arrangements between the Company and: (i) a Shareholder; (ii) a Director or persons connected to a Director; or (iii) a related company or associated company of a Shareholder, other than in the ordinary course of the Business and on arms' length terms.
- (j) **Onerous contracts**: the entry by the Company into any contract, commitment or arrangement outside the ordinary and normal course of Business or otherwise than on arms' length terms, or of any contract or arrangement which is, or is likely to be, material or the making of any payment by the Company other than on an arms' length basis, or which is of an unusual or onerous nature.
- (k) **Joint ventures**: the entry into of any joint venture or partnership with any party, or any profit sharing arrangement.
- (l) **Brand**: any registration or change to the branding or trademark of the Company.
- (m) **Accounting Policies**: any change to the accounting policies of the Company.
- (n) **Shareholders' reserve matters**: any matter listed in clause 7.4

**6.5 Significant KNB decisions** - must be **approved by the executive committee** before being tabled to the **risk management committee** and subsequently the **Board** for deliberation and approval

The following matters require **the affirmative vote of the Khazanah National Berhad Appointee**:

- (a) **Business plans**: adoption of any business plan, investment plans and policies or capital plans for the Company and any material deviation from the then prevailing plan.
- (b) **Auditors/Company Secretary**: the appointment or change of the Auditors or company secretary of the Company.
- (c) **Financial statements**: the adoption of the financial statements of the Company.
- (d) **CEO**: the appointment or removal of the Chief Executive Officer of the Company.
- (e) **Dividend policy**: the adoption or amendment of the dividend policy of the Company.

➤ **Matters set out in other clauses made reference by clauses 6.4 and 6.5 in the Shareholders Agreement.**

#### **6.6 Amendment of financial limits**

Each of the financial limits referred to in clause 6.4 can be amended by the written agreement of all the Shareholders.

**7.4 Reserved matters**- must be approved by the **executive committee** before being tabled to the **risk management committee** and **subsequently the Board** for deliberation and approval

Notwithstanding any contrary provision in the Company's Memorandum and Articles of Association or the Companies Act, the following matters require the affirmative vote of every Shareholder:

- (a) **Liquidator**: the taking of any steps to: (i) invite any person to appoint a receiver or receiver and manager of the whole or part of the Business or assets of the Company; (ii) obtain a judicial management order in respect of the Company; or (iii) dissolve, liquidate or wind up the Company, or do anything similar or analogous to those steps in any jurisdiction.
- (b) **Constitution**: any alteration to the Company's Memorandum and Articles of Association.
- (c) **Shares**: any re-organisation or alteration to the share capital of the Company or the rights conferred by the Shares or any Securities.
- (d) **Merger**: any merger, reconstruction, consolidation or amalgamation of the Company with any other company or other person.
- (e) **Name**: changing the name of the Company.
- (f) **New issues**: the issue of Shares, Securities, debentures, notes or other equity or debt Securities of the Company and the terms of any such issue.
- (g) **Capital reduction**: any repurchase, cancellation, redemption or reduction of share capital in the capital of the Company.
- (h) **Listing**: listing of the Company on any stock exchange and any subsequent listing of any equity or debt securities of the Company on any stock exchange.
- (i) **Directors' remuneration**: any remuneration to be paid to the Directors.
- (j) **Dividends**: the declaration of any dividend (interim or final, cash or in specie) or other distribution of profits, assets or reserves in excess of the prevailing dividend policy of the Company.
- (k) **Disposal of Business**: the Disposal by the Company of any part of its undertaking not being in the ordinary course of the Business.
- (l) **Acquisition**: other than in the case of clause 17.5, the acquisition of any equities, securities or other forms of investments or assets by any means (including, without limitation, by lease or licence), other than those acquisitions made in the ordinary course of the Business.

## 17. Competition

### 17.1 Undertakings

- (a) For the purposes of clause 17.1 the expression “competitive with the Business” includes competition in a small part of the Business or competition in peripheral products or lines of business.
  
- (b) A shareholder shall not, and shall ensure that none of its related companies (including ACR ReTakaful Berhad, which will in Malaysia only carry out retakaful and reinsurance business) shall, carry out any of the following without first obtaining the written consent of the other Shareholder:
  - (1) directly or indirectly through its subsidiaries carry on (whether alone or in partnership or joint venture with anyone else) or won a substantial interest (10% or more) in or exercise management control of any business in Malaysia similar to or competitive with the Business for so long as it is a Shareholder.
  - (2) solicit or persuade any person or corporation which is a customer or client of the Company or the Business, to cease doing business with the Company or in respect of the Business or reduce the amount of business which the customer or client would normally do with the Company or in respect of the Business for so long as it is a Shareholder.
  - (3) accept from a customer or client referred to in clause 17.1 (b)(2) any business of the kind ordinarily forming part of the Business for so long as it is a Shareholder.
  - (4) at any time induce or attempt to induce any person who is an employee of the Company to terminate his or her employment with the Company for so long as it is a Shareholder.
  
- (c) Subject to clause 17.5, nothing in clause 17.1(b) shall restrict RVSB from acquiring any entity carrying on a business similar to or competitive with the Company’s pursuant to a directive from the Government of Malaysia (through any ministry) to assist in a bail-out of an insurance company or to acquire assets from distressed companies in ensuring the stability of the financial sector of Malaysia (**Acquired Entity**).

## **17.5 Conditions to Acquisition**

If RVSB is directed to acquire an entity under clause 17.1(c), the following will apply as conditions to any such acquisition (subject to approval of the Government of Malaysia and Bank Negara Malaysia (if applicable):

- (a) RVSB will notify the Company and SLA as soon as it becomes aware of any directive described in clause 17.1(c), and as soon as practicable thereafter RVSB will arrange to provide the Company and SLA with business, financial and other information concerning the entity as the Company may reasonably request.
- (b) RVSB hereby irrevocably grants to the Company the right to purchase such entity (Purchase Right) at Fair Value.
- (c) RVSB and SLA will jointly negotiate in good faith and in a commercially reasonable manner the other terms of purchase of the entity, and will use commercially reasonable efforts to structure the purchase in a manner to maximize the tax and other advantages to the Company, consistent with the Government of Malaysia's direction.
- (d) SLA will be entitled for a period of 3 months following receipt of all information reasonably necessary for it to diligence and otherwise assess the merits of an investment in the entity to determine whether the Company shall exercise the Purchase Right.
- (e) The Company shall within the 3 months period mentioned in clause 17.5(d) notify RVSB in writing on whether the Company elects to exercise the Purchase Right.
- (f) If:
  - (1) The Company elects not to exercise the Purchase Right or does not exercise the Purchase Right in accordance with clause 17.5(e); or
  - (2) The Government of Malaysia and Bank Negara Malaysia approval (if required) is not received for the sale to the Company, the Company will cease to have any right to an interest in the entity and RVSB may purchase the entity provided that the Company will be entitled to preferential treatment as described in clause 17.6 with respect to that entity.

➤ **Matters set out in clauses 9.3 (a), (b) and (c) in the Shareholders Agreement.**

## **9.3 Chief Executive Officer**

The Chief Executive Officer shall report to the Board and shall be delegated responsibilities which include:

- (a) Management and investment policies;
- (b) Risk management processes;
- (c) Product development;

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