



Chubb Insurance Malaysia Berhad
(Registration No: 197001000564 (9827-A))

Policy & Procedures
Fit and Proper Policy

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Contents

1. Introduction.....	3
2. Interpretation	3
3. Scope and Purpose.....	4
4. Roles and Responsibilities	5
5. Fit and Proper Criteria	6
6. Minimum Assessment Factors.....	6
7. Process for Assessment of Fitness and Propriety	9
8. When a Person Is Not Fit and Proper	11
9. Documentation of Assessments and Collection of Personal Data	12
10. BNM's Access to Information.....	12
11. Reporting Requirements.....	13

Introduction

- 1.1 This Fit and Proper Policy (“**Policy**”) sets out the minimum factors that C h u b b Insurance Malaysia Berhad (“**the Company**”) need to consider in assessing whether or not the fit and proper criteria for Key Responsible Persons and the company secretary have been met.
- 1.2 The expectations on the suitability of Key Responsible Persons and/or the company secretary are an extension of the Company’s corporate governance framework and are also aimed at ensuring that these persons have the integrity and competence required to perform their duties.
- 1.3 This Policy applies to all Key Responsible Persons including the Board of Directors (“**Board**”), the Country President, Senior Officers and/or the company secretary. It is the responsibility of the Board and Board Nominating Committee (“**BNC**”) to adopt and ensure effective implementation and compliance of the procedures set out in this Policy.
- 1.4 This Policy shall be periodically reviewed to ensure their relevance and alignment with material changes in the business and risk profile and strategies of the Company.

Interpretation

- 2.1 For purposes of this Policy:

“Bursa Securities” refers to Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W)).

“Key Responsible Person(s)” refers to persons that are accountable or responsible for the management and oversight of the Company. These comprise:

- (a) Directors;
- (b) Country President; and
- (c) Senior Officers.

“MCCG” refers to the Malaysian Code on Corporate Governance as issued by the Securities Commission, as amended from time to time and any re-enactment thereof.

“MMLR” refers to the Main Market Listing Requirements of Bursa Securities, as amended from time to time and any re-enactment thereof.

“Senior Officers” refer to:

- (a) Any person performing a senior management function whose primary or significant responsibility is for the management and performance of significant business activities of the Company, including a person who:

- (i) Has the authority over, makes or has substantial influence in making decisions that affect the whole, or substantial part of, the Company's business;
 - (ii) Is principally accountable or responsible, whether solely or jointly with other persons, for implementing and enforcing policies and strategies approved by the Board; or
 - (iii) Is principally accountable or responsible, whether solely or jointly with other persons, for developing and implementing systems, internal controls and processes that identify, measure, monitor or control the Company's risks.
- (b) Any person who assumes primary or significant responsibility for key control functions, including a person who is principally accountable or responsible, whether solely or jointly with other persons, for monitoring the appropriateness, adequacy and effectiveness of the Company's internal controls, risk management and compliance systems and processes.
- (c) Any person that Bank Negara Malaysia ("**BNM**") determines fulfils the definition of Senior Officer as specified above in this Policy, but has not been identified by the Company as a Key Responsible Person.

Scope and Purpose

- 3.1 The BNM Guidelines on Fit and Proper Criteria BNM/RH/GL 018-5 ("**BNM/RH/GL 018-5**") and/or MMLR requires the Company to:
- (a) Assess Key Responsible Persons and the company secretary based on the fit and proper criteria applicable.
 - (b) Establish policies and procedures to ensure all Key Responsible Persons and the company secretary are fit and proper to direct and manage the Company's key business activities and functions; and
 - (c) Ensure that fit and proper assessment on Key Responsible Persons and the company secretary is to be conducted both prior to initial appointment and at regular intervals, of at least annually, or whenever the Company becomes aware of information that may materially compromise such person's fitness and propriety.
- 3.2 This Policy sets out the minimum fit and proper criteria applicable to Key Responsible Persons and the company secretary and to outline the procedures that must be followed to ensure that the Company fully complies with BNM/RH/GL 018-5 and/or MMLR.
- 3.3 The purpose of this Policy is to establish a process for ensuring that Key Responsible Persons and/or the company secretary possess the character, integrity, experience, competence and time that commensurate with their responsibilities, in tandem with good corporate governance practices.

- 3.4 This Policy also applies to any person who is mainly accountable or responsible for key functions of the Company under a centralized group function or shared services agreement.

Roles and Responsibilities

Responsibilities of the Board and BNC

- 4.1 The Board and BNC is responsible for conducting assessments on the fitness and propriety of directors, the Country President and the company secretary and making decisions on their appointments.
- 4.2 For Senior Officers, the Board and BNC may delegate the responsibility for fit and proper assessments and decision on appointments to the Country President or a designated committee. The Board shall remain accountable for such assessments and decisions.
- 4.3 The Board shall periodically review this Policy to ensure its relevance and alignment with the Company's needs and structure as well as material changes in the business and risk profile strategies of the Company.

Responsibilities of the Country President

- 4.4 The Country President is responsible for ensuring that Senior Officers fulfill fit and proper requirements. The decision on appointments of Senior Officers may be made by the Country President after the necessary due diligence to ensure that they have the professional competence and capabilities to fulfil their responsibilities

Responsibilities of the Head of HR

- 4.5 The Head of HR, at the direction of the Country President, is responsible for:
- (a) The implementation and compliance with the policies and procedures set out in this Policy;
 - (b) Ensuring that the appropriate checks and assessments are carried out for each Senior Officer position;
 - (c) Collecting all necessary information to determine if a person is fit and proper to hold a Senior Officer position including checking material qualifications and conducting necessary independent verifications;
 - (d) Ensuring that the fit and proper assessment for each Senior Officer is documented;
 - (e) Maintaining and updating a list of Key Responsible Persons and company secretary after any change; and
 - (f) Providing information and reports to the Country President on matters concerning the fit and

proper assessment of Senior Officers.

Fit and Proper Criteria

- 5.1 The persons appointed as Key Responsible Persons must not be disqualified pursuant to Section 59(1) of the Financial Services Act 2013 (“FSA”), and have been assessed to have met all the fit and proper criteria based on, at a minimum, the factors set out in paragraphs 6.1 to 6.8 of this Policy, summarised below:
- (a) Probity, personal integrity and reputation
 - (b) Competency and capability
 - (c) Financial integrity; and
 - (d) Time and commitment (director only).
- 5.2 The person appointed as a company secretary is not disqualified pursuant to Section 238 of the Companies Act 2016 and is fit and proper for the role of the company secretary based on the factors specified in paragraph 6.1 to 6.4 of this Policy relating to:
- (a) Probity, personal integrity and reputation; and
 - (b) Competency and capability.
- 5.3 The factors set out in paragraphs 6.1 to 6.6 of this Policy should be assessed individually, as well as collectively, taking into account their relative importance.

Minimum Assessment Factors

Probity, Personal Integrity and Reputation

- 6.1 This includes personal qualities such as honesty, integrity, diligence, independence of mind and fairness. These qualities are demonstrated over time and demand a disciplined and on-going commitment to high ethical standards.
- 6.2 In assessing a person’s level of probity, integrity and reputation, the following factors should be considered including, but not limited to the following:
- (a) Whether the person is or has been the subject of any proceedings of a disciplinary or criminal nature, or has been notified of any impending proceedings or of any investigations, which might lead to such proceedings;
 - (b) Whether the person has contravened any provision made by or under any written law designed

to protect members of the public against financial loss due to dishonesty, incompetence or malpractice;

- (c) Whether the person has contravened any of the requirements and standards of a regulatory body, professional body, government or its agencies;
- (d) Whether the person, or any business in which he has a controlling interest or exercises significant influence, has been investigated, disciplined, suspend or reprimanded by a regulatory or professional body, a court or a tribunal, whether publicly or privately.
- (e) Whether the person has been engaged in any business practices which are deceitful, oppressive or otherwise improper (whether unlawful or not), or which otherwise reflect discredit on his professional conduct;
- (f) Whether the person has been dismissed, asked to resign or has resigned from employment or from a position of trust, fiduciary appointment or similar position because of questions about his honesty and integrity;
- (g) Whether the person has been associated, in ownership or management capacity, with a company, partnership or other business association that has been refused registration, authorization, membership or license to conduct any trade, business or profession, or has had that resignation, authorization, membership or license revoked, withdrawn or terminated.
- (h) Whether the person has held a position of responsibility in the management of a business that has gone into receivership, insolvency or involuntary liquidation while the person was connected with that business;
- (i) Whether the person has been a director of, or directly concerned in the management of, any corporation which is being or has been wound up by a court or other authority competent to do so within or outside Malaysia;
- (j) Whether the person has been a director of, or directly concerned in the management of, any financial institution, the license of which has been revoked;
- (k) Whether, in the past, the person has acted unfairly or dishonestly in his dealings with his customers, employer, auditors and regulatory authorities;
- (l) Whether the person has at any time shown a strong objection or lack of willingness to cooperate with regulatory authorities resulting in a failure or potential failure to comply with legal, regulatory and professional requirements and standards, including compliance with tax requirements and obligations;
- (m) Whether the person has contributed significantly to the failure of an organization or a business unit;

- (n) Whether the person has at any time shown strong objection or a lack of willingness to maintain effective internal control systems and risk management practices;
- (o) Whether the person is involved in any business or other relationship which could materially pose a conflict of interest or interfere with the exercise of his judgment when acting in the capacity of a Key Responsible Person which would be disadvantageous to the Company or the Company's interest; and
- (p) Whether the person is of good repute in the financial and business community.

Competence and Capability

- 6.3 Competence and capability are demonstrated by a person who possesses the relevant knowledge, experience and ability to understand the technical requirements of the business, the inherent risks and the management process required to perform his role as a key function in the relevant capacity effectively.
- 6.4 In assessing a person's competence and capability, the following matters should be considered including, but not limited to:
- (a) Whether the person has the appropriate qualification, training, skills, practical experience and commitment to effectively fulfill the role and responsibilities of the position and in the case of directors, having regard to their other commitments;
 - (b) Whether the person has satisfactory past performance or expertise in the nature of the business being conducted with due consideration given to past length of service, nature and size of business, responsibilities held, number of subordinates as well as reporting lines and delegated authorities;
 - (c) Whether the person keeps knowledge current based on continuous professional development;
 - (d) Whether the person possesses leadership capabilities and a sufficient level of emotional intelligence;
 - (e) Whether the person has previous experience occupying a position of key responsibility in a comparable organization; and
 - (f) (for re-election and re-appointment of directors) Whether the person possesses commendable past performance record as gathered from the results of the board effectiveness evaluation.

Financial Integrity

- 6.5 Financial integrity is demonstrated by a person who manages his or her own financial affairs properly and prudently.

6.6 In assessing a person's financial integrity, all relevant factors should be considered, including but not limited to the following:

- (a) Whether the person has been and will be able to fulfill his financial obligations, whether in Malaysia or elsewhere, as and when they fall due; and
- (b) Whether the person has been the subject of a judgment debt which is unsatisfied, either in whole or in part, whether in Malaysia or elsewhere.

Time and Commitment (applicable to directors)

6.7 Time and commitment are demonstrated by a director's ability to discharge roles and participate and contribute effectively to the Company's board, having regard to factors such as those listed below.

6.8 In assessing a person's time and commitment, all relevant factors should be considered, including but not limited to the following:

- (a) Whether the person is able to devote time as a board member, having factored that person's other outside obligations including concurrent board positions held by the person across listed issuers and non-listed entities (including not-for-profit organizations);
- (b) Whether the person demonstrates willingness to participate actively in board activities;
- (c) Whether the person demonstrates willingness to devote time and effort to understand the Company's business and exemplify readiness to participate in Company events outside the boardroom;
- (d) Whether the person manifests passion in the vocation of a director;

Processes for Assessments of Fitness and Propriety

Assessment

7.1 Fit and proper assessments shall be conducted both prior to initial appointments and at regular intervals, of at least annually, or whenever the Company becomes aware of information that may materially compromise a person's fitness and propriety.

Initial Assessment

7.2 Prior to the appointment of a Key Responsible Person or company secretary, the Company adopts the following process to determine whether the candidate is fit and proper to hold such a position:

- (a) Obtain evidence of the candidate's material qualification, knowledge and experience;
- (b) Make reasonable enquiries to obtain information that might be relevant to an assessment of whether the candidate is fit and proper to hold a Key Responsible Person or company secretary position;

- (c) Undertake prudent background checks to ensure that the candidate is of good standing and character (for e.g. bankruptcy checks or 'Credit Tip Off Service' check and/or reference checks); and
- (d) Ensure that the candidate signs off the appropriate fit and proper declaration. This includes requiring the candidate to declare any actual, potential or perceived conflict of interest with the Company, and if such a declaration is made, the process set out in the Company's Conflict of Interest Policy shall be followed.

Ongoing / Annual Assessment

7.3 Each director of the Company must be assessed against the minimum requirements set out in paragraphs 10.2 to 10.5 of BNM/RH/PD 029-9 Corporate Governance, at least annually, and as and when the Board becomes aware of information that may materially compromise the director's fitness and propriety, or any circumstance that suggests that the director is ineffective, errant or otherwise unsuited to carry out his responsibilities. These minimum requirements are:

- (a) A director must not be disqualified under Section 59(1) of the FSA and must have been assessed by the BNC to have complied with the fit and proper requirements set out in paragraphs 6.1 to 6.8 of this Policy;
- (b) A director must not have competing time commitments that impair his ability to discharge his duties effectively;
- (c) A director must not be an active politician; and
- (d) Where a firm has been appointed as the external auditor of the Company, any of its officers directly involved in the engagement and any partner of the firm must not serve or be appointed as a director of the Company until at least three (3) years after:-
 - (i) he ceases to be an officer or partner of that firm; or

7.4 the firm last served as an auditor of the Company. A director must immediately disclose to the Board any circumstances that may affect his ability to meet the minimum requirements.

7.5 A director must also immediately declare to the Board and company secretary any circumstances that may give rise to an actual, potential or perceived conflict of interest. If such a declaration is made, the declaration must be reviewed by the Board Audit Committee in accordance with the process set out in the Company's Conflict of Interest Policy.

- 7.6 The Country President and Senior Officers must be assessed against the relevant minimum requirements set out in paragraphs 17.2 to 17.4 of BNM/RH/PD 029-9 Corporate Governance at least annually, and as and when the Country President and/or Senior Officer becomes aware of information that may materially compromise the individual's fitness and propriety, or any circumstance that suggests that the individual is ineffective, errant or otherwise unsuited to carry out his responsibilities. These minimum requirements are:
- (a) The Country President and Senior Officers must not be disqualified under Section 59(1) of the FSA and must have been assessed to have complied with the fit and proper requirements set out in paragraphs 6.1 to 6.8 of this Policy;
 - (b) The Country President and Senior Officers must not be a substantial shareholder of the Company;
 - (c) The Country President must devote the whole of his professional time to the service of the Company (unless approved by BNM in writing).
- 7.7 It is the responsibility of the Country President and Senior Officers to immediately disclose to the Board any circumstance that may affect their ability to meet the minimum requirements above.
- 7.8 The company secretary must not be disqualified under Section 238 of the Companies Act 2016 and must have been assessed to be fit and proper for the role of the company secretary based on the fit and proper requirements set out in paragraphs 6.1 to 6.4 of this Policy.
- 7.9 Annually, all Key Responsible Persons and company secretary must complete the appropriate fit and proper declaration to the effect that they remain fit and proper as defined in BNM/RH/GL 018-5 and this Policy. This includes declaring any actual, potential or perceived conflict of interest which would be disadvantageous to the Company or the Company's interest.

When a Person Is Not Fit and Proper

- 8.1 Where the Board or BNC or the Country President has assessed that a Key Responsible Person:
- (a) Is not fit and proper for a position, the Board or the Country President shall not appoint the candidate to the said position; or
 - (b) Is no longer fit and proper for a position, the Board or the Country President shall take reasonable steps to remove the person from such position as soon as practicable and in the interim, institute necessary measures to mitigate the risks associated with the person continuing to hold the position.

- 8.2 Where the Board or BNC has assessed that the company secretary no longer demonstrates the qualities specified in paragraph 6.2 of this Policy, the Board shall take immediate steps to reduce the risks associated with the person continuing to hold the position and remove the person from such position as soon as practicable. The Company shall inform BNM in writing of the removal of such person within seven (7) days.
- 8.3 Any employee within the Company may disclose information to the BNC or Country President that may be relevant for a fit and proper assessment. The Company strongly encourages any employee to notify the BNC or Country President of their belief that a Key Responsible Person or the company secretary does not meet the Company's fit and proper criteria set out in this Policy. The Company will take all reasonable steps to ensure that the person making such disclosures, in good faith, are not subject to, or threatened with, a detriment because of any notification in compliance with the requirements of this Policy.

Documentation of Assessments and Collection of Personal Data

- 9.1 The documentation of fit and proper assessments for each Key Responsible Person is retained by the Company for as long as the said Key Responsible Person is in the employment of the Company. Where the said Key Responsible Person is no longer under the employment of the Company, the documentation shall be retained for no longer than six (6) years after the date of resignation of the said Key Responsible Person.
- 9.2 In undertaking a fit and proper assessment, the Company may collect personal data about a person. Any personal data collected by the Company will only be used for the purpose of undertaking the fit and proper assessment.
- 9.3 All Key Responsible Persons are required to disclose to the Company all information, including personal data, that may be relevant to a fit and proper assessment. All personal data provided by a Key Responsible Person is required to be true, accurate and complete for submission to the BNC/Company.
- 9.4 The Company shall safeguard the confidentiality of personal data and information collected and assessments made, in line with the requirements of the Personal Data Protection Act 2010.

BNM's Access to Information

- 10.1 To support the supervisory assessment process to determine the rigour and effectiveness of the fit and proper assessment policies and procedures within the Company, the Company shall provide all relevant information, as may be required by BNM, including the list of all Senior Officers within the Company and the records relating to the fit and proper assessment of each person who is subject to the requirements

specified in this Policy.

Reporting Requirements

- 11.1 The BNC shall review this Policy at any time as it may deem necessary in accordance with the needs of the Company and/or changes to the relevant rules and regulations, whichever is earlier and make the appropriate recommendation to the Board on any proposed amendments to this Policy. Periodic review would also be made to ensure the relevance and alignment with the Company's needs and structure as well as material changes in the risk profile of directors and Key Responsible Persons.