

Governing Body – Charter

Zurich International Life Limited – QFC Branch



1. Executive Summary and Background

The purpose of this document is to provide an overview of the Zurich International Life Limited – QFC Branch (ZILL QFC) corporate governance framework.

This framework is based on Zurich Insurance Group requirements and is aligned to Qatar Financial Centre Regulatory Authority (QFCRA) rules, specifically to ensure compliance with Governance and Controlled Functions Rules 2020 (CTRL).

2. Governing Body

2.1 Formation and Membership

The Governing Body (“Body”) is ZILL QFC’s is the body that has the responsibility of overseeing the branch’s business in or from the QFC. The Body is recognized by Zurich International Life Limited’s board to having the Body at all times must meet the requirements raised by the CTRL regulations.

ZILL QFC’s corporate governance framework is made up of the structures, policies, procedures and systems and controls that are adopted by ZILL QFC.

This Charter will outline the Governing Body’s framework by considering:

- Risk Management framework
- The governing of internal control and assurance functions
- How ZILL QFC will define its business objectives
- The obligations that the Body will have to meet by way of this charter, the CTRL rules or any other applicable law or regulation

The Body must have at least 3 members. All members of the Body must be approved to exercise the appropriate controlled function whether as Non-Executive members or Executive members. All members of the Body must act in good faith, honestly and reasonably, exercise due care and diligence and should act in the best interests of the firm and its customers, putting those interests ahead of his or her own interests. The members must exercise independent judgment and objectivity in decision-making, taking due account of the interests of the firm and its customers; and must not use his or her position to gain undue personal advantage or cause detriment to the firm. For the Governing Body’s formation and membership, refer to the Appendix.

The Body must have a mix of relevant competencies, and as a whole must have the necessary skills to oversee the branch effectively. The Body of the branch must meet at least every 3 months and at least 4 times in a year.

Escalation to Group occurs primarily through management reporting lines and within the Group’s oversight and assurance functions. In justified case, the Governing Body may escalate matter to the ZILL Board or its appropriate committees or ultimately to Group as well if appropriate. Such direct escalation to the Group occurs through the Chair of the Body.

2.2 Role

While the ultimate responsibility of oversight of ZILL remains with the board, the Body however has the delegated responsibility to act in the role defined within CTRL 2.2.2(1). This role includes the following:

- Approve a corporate governance framework for the firm that is appropriate to the nature, scale and complexity of the firm’s business; and under which the Body is ultimately responsible for ensuring that branch carries out the its obligations under charter while meeting applicable laws and rules including CTRL. The Body may leverage on existing corporate governance arrangements which may outside the branch.
- Ensure the firm’s financial soundness and maintain transparency and disclosure. The Body must disclose to the firm’s stakeholders including the Board, its customers and other stakeholders (whenever applicable or necessary) the information necessary to enable them to assess the effectiveness of the Body and senior management in governing and managing the firm. This includes disclosing the following information:

- Be mindful of the legitimate interests of policyholders, clients and other stakeholders when in carrying out its duties.

2.3 Responsibilities

The Body will have to deliver its obligations in relation to approving or defining the following:

- a) **Approve Corporate Governance Framework:** The Body must hold the overall responsibility for the firm. That responsibility includes approving and overseeing the implementation of the branch's strategic objectives, corporate governance framework and corporate culture. This framework and the associated internal control framework is based on the Zurich three lines of defense model that relates to the firm's risk management, compliance oversight, internal audit and other group policies. The Body may leverage on Group and BOD policies and procedures, while considering the need for specific local ZILL QFC policies. The Body will adopt applicable group wide and company wide standards that will apply to it by virtue.
- b) **Business and Strategic Plans:** the Body must approve strategic and business plans appropriate to the nature, scale and complexity of the branch. The plans must be updated to take account of changes in the business environment.
- c) **General Obligations:** The Body must maintain the following obligations:
 - **Decision Making;** The Body must ensure that it has access to sufficient information and independent advice to make informed decisions. All decisions must be mindful of the legitimate interests of the branch's stakeholders.
 - **Engagement:** The Body must keep up with material changes to the branch's business and external environment while acting in a timely manner to protect the its long term interests.
 - **Culture and Values:** The Body must play a leading role in establishing the firm's corporate culture and values. In doing so the Body will adopt the Zurich group Code of Conduct and any applicable group wide or companywide culture defining code.
 - **Structure:** The Body must must have a well-designed governance structure which is considerate to require time and attention for its members to perform their duties effectively. The Body must consider how it can best perform its role, including the utilisation of committees to make recommendations to the Body on matters about which the Body must make decisions.
 - **Oversight:** The Body must maintain appropriate oversight to the affairs of the branch. This include:
 - (a) must provide effective oversight of the individual who exercises the firm's Senior Executive Function and the firm's Senior Management;
 - (b) must hold the individual who exercises the Senior Executive Function and the firm's Senior Management accountable for their actions;
 - (c) must set out the possible consequences (including dismissal) if those actions are not aligned with the Body's performance expectations;
 - (d) must deal prudently with any conflicts of interest that may arise by ensuring that no individual or group of individuals unduly influences the Body's decision-making;
 - (e) must approve the organisational structure and corporate governance framework through which the firm is managed and controlled;
 - (f) must ensure that the firm has succession plans for its key functions;
 - (g) must establish direct and independent contact with the firm's Audit and Risk Functions (if any);
 - (h) must ensure that the firm has effective policies, procedures and controls to deter, prevent, detect, report and remedy fraud, and must ensure that appropriate resources are allocated for that purpose; and
 - (i) must maintain transparency and disclosure.
- d) **Appointment of individuals and allocation of responsibilities:** The Body must ensure that the appropriate roles and responsibilities as per CTRL are fulfilled. Such appointment may be achieved through the head office Board of Directors approval when applicable. In relation to Role Descriptions and Remuneration, this will be delivered in line of the services provided by the regional and group HR function.
- e) **Establishing and approving Business Continuity Procedures:** The Body must establish a business resilience and continuity plan to ensure, so far as practicable, that the branch can continue to fulfil its

business obligations in the event of an interruption. Such plan must be reviewed periodically and must be tested at intervals determined by the Body. The intervals must not be longer than 18 months and must align to any applicable regulatory expectation. The coordination and recommendation applied to the formation of such plans will be lead by the branch's Risk Function.

- f) **Conflicts of Interest:** The Body must ensure that each part of the firm's corporate governance framework, and of its risk management framework is designed to avoid conflicts of interest (or to mitigate such conflicts if it is not possible to avoid them) and to deal effectively with any conflict of interest that arises. The Body must ensure that any potential conflict of interest is reported to ZILL's Senior Management and is handled in line with applicable regulations and Zurich's Conflicts of Interest Policy. The Senior Management must escalate any conflict which is not addressed within a reasonable time frame to the Body. The Senior Management must provide the Body with a written summary of all conflicts of interests addressed by the Senior Management during every 6 months. The Compliance Function will be responsible in supporting the Body's oversight regarding Conflicts of Interests.
- g) **Periodic Review:** The Body must ensure that ZILL QFC's adherence to this document and the CTRL regulations must be reviewed at least once every 3 years by its Internal Auditor or an independent and objective external Auditor. The Body must give a copy of the report to the Regulatory Authority within 30 days after the Body receives the report.
- h) **Reporting:** The Body and senior management may report to the head office governing committees through numerous instruments including (but not limited to) the quarterly branch report. The quarterly branch report provides a consolidated view of the branch activities for the period and is based on input from relevant controlled functions. Branch Manager Reports are tabled at quarterly ZILL Board.
- i) **Annual Statement:** The branch must give a written statement to the Regulatory Authority every year as to the extent to which it has complied with the applicable requirements of CTRL during the previous year. If the branch has not fully complied CTRL, the statement must set out: the requirement with which the firm has not complied; the reasons for the non-compliance and a statement of what the Body is doing or intends to do to bring itself into compliance with the requirement. The statement must be signed by the chair of the Body and the SEF. The statement must be provided in line with any template expectation assigned by the Regulatory Authority.

2.4 Allocation of responsibilities

- a) The Body retains primary responsibility for all of the firm's operations at all times. The firm's Senior Management is responsible for effectively implementing the business strategy consistently with the policies and risk appetite and as instructed by the Body and under the Body's supervision.
- b) The Body must give the Senior Executive Function ("SEF") for the firm a written document that sets out his or her responsibilities. The SEF must acknowledge, in writing, having received that document, and must confirm in the acknowledgement that he or she understands, and undertakes to carry out, those responsibilities. Unless the Body specifically allocates a responsibility retains it.
- c) The SEF must give each individual who exercises a Controlled Function for the firm a written document that sets out that individual's responsibilities. The SEF must obtain the Body's approval of the content of the document given to the individual who exercises the internal Audit, Compliance and Risk functions. Each function must/ acknowledge in writing receiving the document and retaining the responsibilities detailed within. Unless the SEF specifically allocates a responsibility, he or she retains it.
- d) The allocation of a responsibility by the Body does not remove or reduce its duty to oversee the SEF and the Senior Management. Similarly, the allocation of a responsibility by SEF does not remove or reduce the individual's duty to exercise oversight in relation to the other Controlled Functions. The Body cannot relieve itself of an obligation under this Charter by repudiating the obligation or allocating it to another person or body.
- e) A decision about the appointment, remuneration, disciplining or dismissal, or the assessment of the performance, of the SEF, the Internal Audit, Risk Management, Actuary and Compliance Function(s) must ultimately be approved by the Body.
- f) The Body must establish and maintain, for itself and the whole firm, a remuneration policy appropriate to the nature, scale and complexity of the firm's business. In doing so the Body adopts the appropriate

group applied and companywide remuneration policies so far they are aligned to CTRL rules. The Body must review periodically the remuneration policy and assess whether more branch specific policies are necessary.

- g) The Body must ensure that each employee to whom a responsibility is allocated within the firm's internal controls framework is sufficiently free from influence for the framework to be effective in achieving its purposes. This include a consideration on the remuneration approach to ensure that it does not undermine his or her independence and objectivity of such function.

2.5 Risk Management Framework

ZILL QFC adopts the group standards and applicable Zurich International Life Limited Risk Management framework so far as it meets the applicable regulatory standards of the Regulatory Authority and is appropriate for the nature and scale of its operation. The Risk Management Function is responsible in advising the Body of assessing the appropriateness of the adopted framework and advice the management of any adjustments necessary to maintain the appropriateness of the Risk Management Framework.

2.6 Outsourcing

The ZILL QFC Governing Body leverages on the Supplier Management framework approved for use for the ME Life business unit. The QFC Governing Body must review, at least once every 2 years. This is collectively considered to cover the Zurich Risk Policy (ZRP) policy regarding Outsourcing and vendor management.

2.7 Specific Matters Reserved to Group Functions, Head Office Officers or Bodies

- Zurich Insurance Group (ZIG) directly or indirectly controls all of its subsidiaries. ZIG sets standards for the entire Zurich group to allow for an efficient steering among its subsidiaries. Notwithstanding this, the legal independence of all subsidiaries and the provisions of applicable local laws and regulations must be observed to the extent legally required.
- Zurich International Life Limited (ZILL) is the ultimate governing body for the company and has ultimate responsibility of governing the company as a whole including the ZILL QFC branch. The Body's Framework must complement ZILL's overall governing arrangements.

Below are the specific matters for which reliance is placed on Group functions:

- Strategy: ZILL QFC's strategy shall be cascaded from Group strategy and ZILL's board.
- Remuneration: Reliance is placed on the Group Remuneration Rules, a framework for the Group's governance, design, implementation and monitoring of the remuneration architecture as long as such reliance remains appropriate and compliant to applicable rules and laws. The Rules are designed to support the Group's business strategy, risk management framework, operational and financial plans. The Remuneration Rules apply to all Group employees.
- Internal Audit Plans: Reliance is placed on Group Internal Audit for the submission of ZILL QFC's Audit Plans. It is acknowledged that the plans may not be unique or bespoke to ZILL QFC and will form a part of ZILL's overall plans.
- Selection of External Auditors: Reliance is placed on Group for the selection and on ZILL's BOD for the appointment of ZILL QFC's external auditors.
- Global Information Security: Group has a Global Information Security Framework incorporating standards owned by its Global Information Security (GIS) function. GIS provide integrated information security, compliance and IT risk management services to protect ZILL as a whole inclusive of ZILL QFC, its customers and employee data.
- Succession Planning: Reliance is placed on the Zurich International Life Limited's Human Resources function acting in consultation in line with Zurich Group's HR arrangements for delivering appropriate succession plans for ZILL's directors, officers, controlled functions and key management appointments for Board approval and ZILL QFC's Governing Body's approval.
- Business Continuity Management: Group leads and directs the development and maintenance of the Business Continuity Management Framework to ensure that the overall process is in line with best practice and meets Group and Regulatory expectations.

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3. Senior Management and Controlled Functions

3.1 Formation

The Senior Management (“SM”) of ZILL QFC is comprised of approved individuals to exercise controlled functions for ZILL QFC and any other individual the QFCRA or the Body considers to have responsibility for the day to day management of ZILL QFC. The Individuals appointed to hold Control Functions and their activities carried are approved by the ZILL BOD. The controlled functions applicable to the branch are:

- a) Senior Executive Function (“SEO”): Authorized to having the overall responsibility of ZILL QFC and holds the day to day ultimate executive authority and responsibility.
- b) Finance Function: includes the function of being responsible for the prudential returns that ZILL QFC is required to prepare.

The SM also includes a number of functions which are considered Assurance Functions. Each Assurance Function must be appropriate to the scale and nature of ZILL QFC. The Assurance Functions includes:

- c) Money Laundering Reporting Officer (“MLRO”): the function of being the firm’s MLRO under AML/CFTR or AML
- d) Compliance Oversight Function (“CF”) : the function of having responsibility for ZILL QFC’s compliance policies, procedures and controls; and for taking appropriate steps to ensure the implementation of and compliance with those policies, procedures and controls. The purposes of the CF is to ensure that the firm complies with supervisory decisions, the firm’s internal policies, procedures and controls and requirements and standards applicable to the firm under the law applicable in the QFC or any other applicable law. It would also be responsible to ensure that the ZILL QFC’s business is conducted ethically and responsibly to minimize the risk of the firm or its facilities being used in the furtherance of financial crime in association with the MLRO.
- e) Risk Management Function: the function of having responsibility for ZILL QFC’s risk management policies, procedures and controls; and for taking appropriate steps to ensure the implementation of and compliance with those policies, procedures and controls.
- f) Internal Audit Function (“IAF”): it is the function having responsibility for the ZILL QFC’s internal audit policies, procedures and controls; and for taking appropriate steps to ensure the implementation of and compliance with those policies, procedures and controls. The IAF must be provided with appropriate access and authority to discharge its duty.
- g) The Actuarial Function: The actuarial function for an authorized firm is the function of having responsibility for the ZILL QFC’s actuarial policies, procedures and controls; and for taking appropriate steps to ensure the implementation of and compliance with those policies, procedures and controls.

3.2 Responsibilities and appointment guidelines

The SM has numerous responsibilities which are driven through group and head office policies, or by relevant QFCRA rules. The SM could leverage authorities and responsibilities from regional, BOD or Group policies and procedures. An individual may hold two Senior Management controlled functions if the Governing Body can demonstrate to the QFCRA that this combination does not create a conflict of interest or increase the risk of noncompliance. In all cases such combination should be appropriate to the nature of the and scale of ZILL QFC. In all cases Internal Audit must not be combined with any other controlled function.

An individual could exercise a controlled function for more than 1 QFCRA authorized firm if the firms are part of the same corporate group or are owned by the same shareholders.

4. Approval of this Charter

This Board Charter was approved by the Board of Directors of ZILL’s Board of Directors on 16 June 2021 and is effective from that date.

Appendix 1– Members of the Governing Body and Senior Management

Governing Body	
Chief Executive Officer – Middle East Life (CHAIR)	Reena Vivek
Chief Financial Officer- Middle East	Santiago Turrillo Laguna
Senior Executive Function	Gregario Loayon

Senior Management	
Senior Executive Officer	Gregario Loayon
MLRO / Compliance Function	Husain Ali
Risk Management Function	Pratik Law
Finance Function	Santiago Turrillo Laguna
Actuarial Function	Neil Costa
Internal Audit Function	Tom Vandamme

As of 1st of July 2021 subject to regulatory approvals from the Qatar Financial Centre Regulatory Authority. The SEF and/or CF maintain responsibility of keeping this list upto date where a change here would not require a reapproval on this Charter.

Appendix 2– Governing Body Calendar

Report	Lead	Timing
Re-approve Directors and senior managers succession plans	Head of HR	Q1
Re-approve ZILL QFC's business objectives and strategy	Senior Executive Function	Q1
Note annual MLRO report	Compliance Function	Q1
Approve appointment of external auditor	Head of Finance	Q1
Approve Directors' report and financial statements	Head of Finance	Q1
Note Internal Audit plan	Internal Audit Function	Q1
Note Governing Body CTRL Annual Assessment	Compliance Function	Q2
Note Training and Competencies Assessment	Compliance Function	Q3
Review and approve annual business plan	Head of Finance	Q4
Approve proposed date of next AGM	Company Secretary	Q4
Note Risk Management Framework assessment and recommendations	Risk Management Function	Q4