



**TUNE INSURANCE MALAYSIA  
BERHAD**

(COMPANY NO. 30686-K)

**BOARD CHARTER**

**As at 16 November 2018**

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## **1. APPLICABLE LAWS/ REGULATIONS/ GUIDELINES**

Including but not limited to:-

- (a) Financial Services Act, 2013 ("FSA");
- (b) Companies Act, 2016 ("CA");
- (c) Malaysian Code on Corporate Governance 2017 issued by the Securities Commission Malaysia ("MCCG");
- (d) Guidelines on Minimum Standards for Prudential Management of Insurers by Bank Negara Malaysia ("BNM")("MSPM");
- (e) Corporate Governance Policy issued by BNM ("CGP"); and
- (f) the provisions of the Constitution of Tune Insurance Malaysia Berhad ("TPM").

## **2. OBJECTIVES/ PRINCIPLES**

The Board Charter is designed to provide the Directors and Officers with greater clarity regarding the role of the Board of Directors ("Board"), the requirements of Directors in carrying out their role and discharging their duties to the Company and the Board's operating practices.

The Board Charter also sets out the mandate, responsibilities and procedures of the Board and the Board Committee's including matters reserved for the Board's decision.

The Board shall periodically review and update the Board Charter in tandem with any changes to regulatory authorities.

## **3. AUTHORITY**

The Board derives its authorities to act from the Constitution of the Company, the CA, guidelines issued by Bank Negara Malaysia and other relevant regulatory requirements.

## **4. COMPOSITION AND BALANCE OF THE BOARD**

The appointment or a removal of a Director of the Company shall be in accordance with the with rules and regulations set out in accordance with the FSA, CA, MCCG, MSPM, CGP and the provisions of the Constitution of TPM. The Board shall strive to achieve an optimum balance and dynamic mix of competencies and diverse skill sets amongst its Board members.

### **4.1 Size and Composition**

The Board shall comprise at least two (2) members and not more than fourteen (14) members, to be nominated by the Nomination

Committee. The Board must have a majority of independent directors at all times.

The composition and size of the Board are reviewed from time to time to ensure its appropriateness.

The Board and Board Committees must be of a size that encourages active participation of all directors, promotes effective deliberation and allows the work of various board committees discharges without over extension of the directors.

#### **4.2 Re-election**

*Constitution 96 -  
101*

The appointment of members of the Board shall also take place at TPM's Annual General Meeting annually by rotation in accordance with the Constitution of the Company.

All members of the Board shall be required to submit themselves for re-election at regular intervals of not more than three (3) years in accordance with the Company's Constitution.

#### **4.3 Tenure of Independent Director**

*BNM CGP-10.11(b)  
MCCG-Practice 4.2*

The Company must not publicly announce the proposed appointment of a director, unless the written approval of the BNM has been obtained.

A director whose tenure has expired and is being proposed for reappointment must immediately cease to hold office and act in such capacity, including by participating in board meetings or holding himself out as a defector, unless the written approval of the BNM has been obtained.

The tenure of an independent director does not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the board but shall be re-designation as a non-independent director, subject to the approval of BNM.

If the Board intends to retain an independent director beyond nine (9) years, it should justify and seek annual shareholders' approval.

If the board continues to retain the independent director after the twelfth year, the Board should seek annual shareholders' approval through a two-tier voting process.

## **5. ROLE, RESPONSIBILITIES AND POWERS**

### **5.1 Board Responsibilities**

The board has the overall responsibility for promoting the sustainable growth and financial soundness of a financial institution, and for ensuring reasonable standards of fair dealing, without undue influence from any party. This includes a consideration of the long-term implications of the board's decisions on the financial institution and its

*BNM CGP-8.3*

customers, officers and the general public. In fulfilling this role, the Board's roles, responsibilities and powers include:-

- (a) to review and approve strategies, business plans, risk appetite, initiatives and significant policies for TPM which would, singularly or cumulatively, have a material impact on TPM's risk profile and monitor management's performance in implementing them;
- (b) to set corporate values and clear lines of responsibility and accountability, including governance systems and processes that are communicated throughout TPM;
- (c) to oversee the implementation of TPM's governance and internal control frameworks, and periodically review whether these remain appropriate in light of material changes to the size, nature and complexity of the Company's operation;
- (d) to oversee the selection, performance, remuneration and succession plans of the Key Senior Officers prior to employment. For this document, "**Key Senior Officers**" refers to the "C"-level executives such as Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Chief Information Officer, Chief Investment Officer and any other such positions, such that the board is satisfied with the collective competence of Key Senior Officers to effectively lead the operations of the Company;
- (e) to ensure that there shall be unrestricted access to independent advice or expert advice at TPM's expense in furtherance of the Board's duties (whether as a Board or a director in his/her individual capacity);
- (f) to formalise the ethical standards through a code of conduct which will be applicable throughout TPM and ensure the compliance of this code of conduct;
- (g) to promote together with the Key Senior Officers and ensure that the operations of TPM are conducted prudently, ethically and professionally, and within the framework of relevant laws and regulations;
- (h) to establish, approve, review, and monitor TPM's risk appetite and comprehensive risk management policies, processes and infrastructure, and receive regular reports therein;
- (i) to approve delegated authority for expenditure, lending, and other risk exposures;
- (j) to oversee the conduct of TPM's business and consider emerging issues which may be material to the business and affairs of the Company;
- (k) to keep under review and maintain TPM's capital and liquidity positions as well as ensure that the Company's strategies promote sustainability;

- (l) to review and approve proposals for the allocation of capital and other resources within TPM;
- (m) to review and approve TPM's annual capital and revenue budgets (and any material changes thereto);
- (n) to ensure that the Board has adequate procedures in place to receive reports periodically and/or on a timely basis from TPM's management that would provide the Board with a reasonable basis to make proper judgement on an ongoing basis as to the financial position and business prospects of the Company;
- (o) to review the adequacy and integrity of TPM's internal control system and management information systems, including systems for complying with applicable laws, regulations, rules, directives and guidelines;
- (p) to set up an internal audit department staffed with qualified personnel to perform internal audit functions, covering financial and management audit as well as regulatory compliance that reports directly to the Company's Audit Committee.
- (q) to establish procedures to assess any related party transactions or conflict of interest situations that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- (r) to establish and ensure the effective functioning and monitoring of the Audit, Risk Management, Nomination, Remuneration, Investment, and any other committees as deemed necessary by the Board, and to delegate appropriate authority and terms of reference to such committees established by the Board;
- (s) to prepare Audit Committee reports at the end of each financial year that will be clearly set out in the annual report of the Company;
- (t) to look at and to address their mind to major and/or material litigation situations against the Group as and when they arise;
- (u) to ensure that TPM has a beneficial influence on the economic well-being of its community;
- (v) to oversee and approve the recovery and resolution as well as business continuity plans for TPM to restore its financial strength, and maintain or preserve critical operations and critical services when it comes under stress;
- (w) to receive and consider high level reports on matters material to the Company, in particular:-
  - (i) relations with regulatory authorities;
  - (ii) health and safety;
  - (iii) insurance cover;

- (iv) disaster recovery;
  - (v) litigation and claims;
  - (vi) premises; and
  - (vii) public relations.
- (x) to receive the minutes of and/or reports from the committees established by the Board;
  - (y) to strive to achieve an optimum balance and dynamic mix of competent and diverse skill sets amongst the Board members;
  - (z) to ensure adequate training of members of the Board;
  - (aa) to undertake an assessment of the independence of its independent directors annually in accordance with the assessment criteria to be developed by the Nomination Committee;
  - (bb) to conduct a Board evaluation through Nomination Committee, which comprises a Board Assessment and an Individual (Self & Peer) Assessment. The assessment of the Board is based on specific criteria, covering areas such as the Board composition and structure, principal responsibilities of the Board, the Board process, the CEO's performance, succession planning and Board governance. For Individual (Self & Peer) Assessment, the assessment criteria include contribution to interaction, role and duties, knowledge and integrity and assessment of independence;
  - (cc) to undertake a proper process for Directors' selection through Nomination Committee;
  - (dd) to establish formal and transparent remuneration policies and procedures to attract and retain directors through Nomination Committee; and
  - (ii) to ensure clear and accurate minutes are maintained, details of key deliberations and rationale for each decision made and any significant concerns or dissenting views must be recorded.

## **5.2 Responsibility of the Executive Director(s)**

The executive director whose responsibilities include, but are not limited to the following:-

- (i) to ensure the efficient and effective day-to-day management of the Company with all powers, discretions and delegations authorised by the Board;
- (ii) to establish and implement the strategic direction of the Company as approved by the Board;
- (iii) to make recommendations to the Board relating to the business and operations of the Company; and

- (iv) to identify and to ensure all material matters affecting the Company are brought to the attention of the Board.

Each appointed Board member shall hold office until the earlier of (i) such time as the Board determines to terminate his/her appointment or (ii) the Board member ceases to be a member of the Board.

### **5.3 Responsibilities of the Chairman**

The Chairman of the Board must not be an executive and must not have served as a CEO of the Company in the past five years. He must also not be the chairman of the other committees of the Company. In the absence of the Chairman and/or an appointed deputy in any meeting, the remaining members present shall elect one of themselves to chair the meeting in accordance with the provisions set out in the Constitution of the Company.

*BNM CGP-  
11.3&12.4  
MCCG-Practice 1.2*

The responsibilities of the Chairman include, but are not limited to, the following:-

- (i) to oversee the Board in the effective discharge of its role;
- (ii) to monitor the workings of the Board and conduct of the Board meeting;
- (iii) to ensure all relevant issues for the effective running of Tune Protect Group's business are on the agenda for Board meetings;
- (iv) to ensure that quality information to facilitate decision-making is delivered to Board members on a timely basis;
- (v) to encourage all directors to play an active role in Board activities;
- (vi) to chair general meetings of shareholders; and
- (vii) to liaise with the CEO and Company Secretary on the agenda for Board meetings.

### **5.4 Responsibilities of the Non-Executive Director ("NED")**

- (i) to provide independent, objective, assessment and suggestions on deliberation by the board; and
- (ii) to provide relevant checks and balance, focussing on stakeholders' interests and ensure that high standards of corporate governance are applied

### **5.5 Responsibilities of the Chief Executive Officer**

- (i) to meet immediate performance targets without neglecting longer term growth opportunities of the company;
- (ii) to ensure all Board decisions and policies set by the Board are implemented effectively and in a timely manner;
- (iii) to keep the Board updated of salient issues and concerns

- regarding the company's operations; and
- (iv) to ensure all relevant and important management reports are submitted to the Board for deliberation and decision making in a timely and systematic manner and not assume a position of responsibility outside of TPM that creates conflict of interest

## **6. PROCEDURES OF BOARD**

### **6.1 Board Meetings**

The Board shall meet at a minimum of 6 times a year. Meetings of the Board shall be called by the Secretary of the Board at the request of the Chairman. Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Board. Reasonable time should be given for Board members and to other attendees as appropriate, to consider all relevant papers and materials prior to the Board meeting.

Each member of the Board is entitled to one (1) vote in deciding the matters deliberated in the meeting. The decision that gained the majority votes of the Board shall be the decision of the Board.

In the event of an equality of votes, the Chairman of the Board shall be entitled to a second or casting vote. The Chairman shall not have a casting vote if there are only two (2) Directors (being competent to vote) forming the quorum of a meeting.

The Directors may meet together for the dispatch of business, adjourn and otherwise regulate the meetings as the Board deems fit.

The Board will be guided by this Board Charter and Terms of Reference of Board Committees.

Reserved Matters, all strategic decisions and investments decisions are made at Board of Directors Meetings after due processes, discussions and deliberations.

### **6.2 Quorum**

*BNM CGP-9.5*

The quorum for meetings shall be at least half (50%) of the board members. A duly convened meeting of a Board at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretion vested in or exercisable by the Board.

### **6.3 Attendance**

*BNM CGP-9.3*

A director must attend at least 75% of the board meetings held in each financial year and must not appoint another person to attend or participate in a board meeting on his behalf.

The CEO and Chief Financial Officer of the Company shall normally be invited to attend the meetings to assist in the deliberations and resolution of matters raised. Where their expertise is required, TPM

personnel or any other external professionals may also be invited to attend the Board meetings.

#### **6.4 Written Resolution via Circulation**

*Constitution-111*

- (i) In between the Board of Directors' Meetings, approvals on urgent or important business matters requiring the sanction of the Board could be made by way of Written Resolution enclosing all relevant information to enable the Board to make informed decisions. A Directors' Witten Resolution in writing signed or approve by facsimile (\*fax) or other form of electronic communication shall be acceptable and deemed equal to an original.
- (ii) The Directors' Written Resolution in writing duly executed by a majority of the Board Members shall be as effective for all purposes as a resolution passed at Board of Directors' Meeting duly convened, held and constituted.
- (iii) All such resolutions shall be described as "Directors' Written Resolutions" and shall be forwarded or otherwise delivered to the Secretary without delay and shall be recorded by the Secretary in the minutes book.

#### **6.5 Independent Advice**

The Board may seek independent advice and information in the furtherance of their duties at the Company's expense, so as to ensure the Directors are able to make independent and informed decisions.

#### **6.6 Company Secretary**

- (i) The Company Secretary shall act as Secretary of the Committee and shall be responsible, with the concurrence of the Chairman of the Committee, for drawing up and circulating the agenda and the notice of meetings together with the supporting explanatory documentation to members prior to each meeting.
- (ii) The Secretary of the Committee shall circulate the notice prior to the Remuneration Committee Meeting. Reasonable time should be given for Committee members and to other attendance as appropriate, to consider all relevant papers and material prior to the Remuneration Committee meeting.
- (iii) The Secretary of the Committee shall be entrusted to record all proceedings and minutes of all meetings of the Committee. The Secretary shall be responsible for taking the minutes of meeting, keeping the minutes and to produce the minutes for inspection when necessary.

#### **6.7 Meeting using Communication Technology**

The Board may meet together for dispatch of business, adjourn, and otherwise regulate their meetings as they think fit by means of any communication technology by which all persons participating in the meeting are able to hear and be heard by all other participants

without the need for a Board to be in the physical presence in the meeting. The Board participating in any such meeting shall be counted in the quorum for such meeting. All effective as a resolution passed at a meeting in person of the members duly convened and held.

## **7. BOARD COMMITTEES**

The Board has established the following Board Committees whose compositions, responsibilities, functions, and authority delegated by the Board to the Board Committees are set out in the respective Board Committees' Terms of Reference per "Appendix A".

The Company Board Committees shall report, update and keep the Board informed on the recommendations, significant issues, key deliberations and decision on delegated matters.

## **8. SENIOR MANAGEMENT APPOINTMENTS AND REMOVALS**

- (a) All Senior Management appointments must be assessed against the minimum requirements of FSA 59 (1) for fit and proper requirements;
- (b) A Senior Management staff must immediately disclose to the Board if he or she is unable to meet the meet minimum requirements as stipulated in FSA 59 (1);
- (c) A substantial shareholder of the Company cannot hold a senior management position in of the Company. TPM to develop a succession plan for appointment and removal of:-
  - (i) CEO;
  - (ii) Chief Compliance Officer (CCO)/Head of Compliance;
  - (iii) Chief Internal Auditor (CIA)/Head of Internal Audit;
  - (iv) Chief Risk Office (CRO)/Head of Risk Management; and
  - (v) Actuary.

## **9. RESPONSIBILITIES AS A SUBSIDIARY**

- (a) The Company must discharge its own legal and governance responsibilities as a separate entity even though it is a subsidiary of Tune Protect Group Berhad ("TPG");
- (b) Timely and regular engagement with BNM on strategic and regulatory developments at group level of TPG that could significantly impact the operations of the Company; and
- (c) To ensure objectives, strategies, plans, governance framework and other polices set at group level are consistent with regulatory obligations and prudent management of the Company.

## **10. MATTERS RESERVED FOR THE BOARD**

The following are matters which are specifically reserved for the Board:-

- (a) Review and approval of strategic corporate plans and programmes;
- (b) Approval of annual budgets, including major capital commitments;

- (c) Approval of new ventures;
- (d) Approval of material acquisitions and disposals of undertakings and properties;
- (e) Changes to the management and control structure within the Company and its subsidiaries, including key policies, delegated authority limits; and
- (f) Any other matters which are required to be approved by the Board pursuant to the applicable rules, laws and regulations.

#### **11. CORPORATE GOVERNANCE AND DISCLOSURES**

- (a) The Company must disclose information on its corporate governance policies and practises as per BNM requirements;
- (b) This will include reasons and details of any gaps as per BNM requirements and a description of the measures to be taken to address these gaps;
- (c) The corporate governance disclosures are accurate, clear and presented in a manner that is easily understood by all stake holders; and
- (d) The Company must ensure its corporate governance disclosures are:-
  - (i) Laid out as an appendix to the director's report in the AGM; and
  - (ii) Published on its website

#### **12. REMUNERATION**

- (a) Both Executive and Non -Executive Directors remuneration will be deliberated by the Remuneration Committee and be recommended to the Board for approval;
- (b) Non-Executive Directors will be paid a fixed fee for ordinary remuneration and will be paid a fixed sum for their attendance to meetings and their responsibilities in Board Committees;
- (c) Company will purchase Director and Officers Insurance for Directors as in the course of discharging their duties, they may be exposed to errors, misstatements, omission and neglect including breach of duty; and
- (d) The insurance indemnity will be for wrongful acts done in good faith and excludes dishonesty, insider trading, fraud and malicious conduct.

#### **13. CODE OF ETHICS**

- (a) Board members are to always act in good faith and in the best interest of the company;
- (b) Adhere to the principles of integrity, objectivity, accountability, openness, honesty and leaders;
- (c) Not mis-use information gained in the course of duties for personal gain or for political purposes;
- (d) Ensure the company's resources are properly guarded and not abused and the Company's conducts of its operations are economical, efficient and effective;

- (e) Board members should not accept any gifts to show favour or disfavour to any party having dealings with TPM;
- (f) Board members must not accept any benefit as an inducement or reward for taking action in their official capacity as a Board Member; and
- (g) Only token value gifts can be considered, and all other gifts given by any party should be generally refused.

#### **14. CONFLICTS OF INTEREST**

- (a) Board must establish a written policy to address directors actual and potential conflicts of interest as per Section 58 of FSA which includes:-
  - (i) A Board Director must disclose to the Board his direct and/or indirect interest and extent in a material transaction or material arrangement; and
  - (ii) If there is a material transaction or material arrangement being deliberated during a board meeting, then a director with a potential conflict of interest must excuse himself and/or be absent from the meeting during such deliberations.
- (b) Set up and establish a formal Register of Related parties to include key details of all Directorship and other relevant interest to be kept up to date by Company Secretary.

#### **15. REVIEW OF THE BOARD CHARTER**

The Board Charter would be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities.