



**TUNE INSURANCE MALAYSIA  
BERHAD**

(COMPANY NO. 30686-K)

**TERMS OF REFERENCE FOR  
NOMINATION COMMITTEE**

**As at 16 November 2018**

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

Including but not limited to:-

- (a) Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR");
- (b) Capital Markets and Services Act 2007 of Securities Commission ("CMSA");
- (c) Companies Act, 2016 ("CA");
- (d) Malaysian Code on Corporate Governance 2017 issued by the Securities Commission Malaysia ("MCCG");
- (e) Corporate Governance Policy issued by Bank Negara Malaysia ("BNM") ("CGP"); and
- (f) the provisions of the Constitution of Tune Insurance Malaysia Berhad ("TPM").

## **2. OBJECTIVES/ PRINCIPLES**

The objectives/ principles of the Nomination Committee ("the Committee") shall be to:-

- (a) conduct regular review of the structure, size and composition (including the skills, knowledge and experience) of the Board of Directors of TPM (the "Board") and make recommendations of any proposed changes to the Board, consistent with all legal and regulatory requirements including, but not limited to, the MMLR, MCCG and CGP;
- (b) identify candidates suitably qualified to become Board members and make recommendations to the Board of such individuals for appointment by taking into considerations the competencies, commitment, contribution and performance of such potential candidates. The ultimate decision as to who shall be nominated shall be the responsibility of the full board after considering the recommendations of this Committee;
- (c) make recommendations on the nomination policy, succession planning, training programmes and any related matters for the directors; and
- (d) assess and interview 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 Actuary, Chief Internal Auditor, Chief Commercial Officer, Chief Compliance Officer, Chief Risk Officer, Chief Information Officer, Chief Investment Officer and any other such positions that NC may require, where applicable.

### **3. COMPOSITION OF MEMBERS**

- (a) Members of the Committee shall be appointed by the Board and shall comprise at least 3 members, the majority of whom including the Chairman, shall be independent directors of the Company.
- (b) For avoidance of directors' actual and potential conflicts of interest, a member of the Committee shall ensure disclosure to the Board the nature and extent of his interest in a transaction or arrangement of interest and if such transaction or arrangement is being deliberated during a board meeting, he shall be absent from the meeting during such deliberations. An interested director must make disclosure by written notice to all members of the Board and Company Secretary as soon as practicable after being aware of his interest in such transaction or arrangement.
- (c) If a member of the Committee resigns, dies, is incapacitated or for any reason ceases to be a member with the result that the number of members is reduced below three (3), the Board shall, within three (3) months appoint such number of new members as may be required to make up the minimum of three (3) members.
- (d) Each appointed Committee member shall hold office until the earlier of:-
- (i) such time as the Board determines to terminate his/her appointment; or
  - (ii) the Committee member ceasing to be a member of the Board.

*BNM CGP-  
12.3(a)(b)&(c)*

Where there is a specific need for information or clarification on any matters, the relevant staff may be invited to attend the specific part(s) of the Committee's meeting(s).

### **4. THE CHAIRMAN**

The Chairman of the Committee shall be appointed by the Board and must be an Independent Non-Executive Director or Senior Independent Non-Executive Director. The Chairman of the Board cannot be the Chairman of the Committee. 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. As chair of the Committee, the Independent Non-Executive Director or Senior Independent Non-Executive Director shall:-

*BNM CGP-12.3(c)  
MCCG-Practice 4.7*

- (a) lead the succession planning and appointment of board members, including the future Chairman and Chief Executive Officer; and
- (b) lead the annual review of board effectiveness, ensuring that the performance of each individual director is independently assessed.

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

The Committee is responsible for:-

- (a) recommending to the Board for approval, the minimum requirements for the Board, i.e. required mix of skills, knowledge, experience, qualification, age, cultural background and gender and other core competencies required of a director; *MCCG-Practice 4.4*
- (b) assessing and recommending to the Board for their approval, nominees for directorships and Board committee members taking into consideration the nominees’:-
- (i) skills, knowledge, expertise and experience;
  - (ii) professionalism;
  - (iii) integrity;
  - (iv) potential conflict of interest situations and/or related party interests; and
  - (v) in the case of nominees for the position of independent non-executive directors, the Committee should also evaluate the candidates’ ability to discharge such responsibilities/functions as expected by the Board;
- (c) establishing rigorous process for the appointment and removal of directors. Such process will involve assessment of candidates against the minimum requirements set out below:- *BNM CGP-10.7*
- (i) a director must not be disqualified under section 59(1) of the Financial Services Act 2013 or section 68(1) of the Islamic Financial Services Act 2013, and must have been assessed by the Committee to have complied with the fit and proper requirements; *BNM CGP-10.2*
  - (ii) a director must not have competing time commitments that impair his ability to discharge his duties effectively. The Committee shall recommend to the Board a policy on the maximum number of external professional commitments that a director may have, commensurate with the responsibilities placed on the director, as well as the nature, scale and complexity of the Company’s operations; *BNM CGP-10.3*
  - (iii) a director must not be an active politician; and *BNM CGP-10.4*
  - (iv) where a firm has been appointed as the external auditor of TPM, 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 TPM until at least two (2) years after– *BNM CGP-10.5*
    - (a) he ceases to be an officer or partner of that firm; or
    - (b) the firm last served as an auditor of TPM.
- (d) utilising a variety of approaches and sources to be used including sourcing from a director’s registry and open advertisements on the use of independent search firms. The Committee shall consider, in making its recommendations, candidates for directorships proposed by the CEO and, within the bounds of practicability, by any other Key Senior Officers

or any director or shareholder;

- (e) assessing and evaluating, on an annual basis:-
  - (i) the desirability of the overall composition of the Board, considering the structure and development of excessive number of directorships, to ensure appropriate size, skills and professionalism;
  - (ii) the balance between executive directors, non-executive directors and independent directors are maintained in accordance with the MMLR, MCCG and CGP and in consideration of corporate governance best practices;
  - (iii) the required mix of skills and experience and other qualities, including core competencies, which non-executive directors should bring to the Board;
  - (iv) the desirable number of independent directors and independence of the Board's consistent with all legal and regulatory requirements including, but not limited to, the MMLR, MCCG and CGP;
  - (v) the desirability of renewing existing directorships, with due consideration given to the extent to which the interplay of the directors' expertise, skills, knowledge and experience was demonstrated with those of other Board members; and
  - (vi) the possible representation of interest groups on the Board;
- (f) recommending to the Board the removal of director(s) from the Board and/or Key Senior Officers if the director/ Key Senior Officer is ineffective, errant and/or negligent in discharging his/her responsibilities;
- (g) establishing a mechanism for the formal annual assessment on the effectiveness of the Board and Key Senior Officers as a whole and the contribution of each director to the effectiveness of the Board and the contribution of the Board's various committees. The Committee's annual assessment should be based on objective performance criteria, in line with established key performance indicators, as approved by the Board. All assessments and evaluations carried out by the Committee in the discharge of all its functions should be properly documented;
- (h) to review the term of office and performance of the Board Committees and each of their members annually to determine whether such Board Committee and their members have carried out their duties in accordance with their terms of reference;
- (i) recommending and ensuring that all directors receive appropriate continuous training in order to maintain an adequate level of competency in order to effectively discharge their roles as directors, including but not limited to keeping abreast with developments in the financial industry and with changes in the relevant statutory and regulatory requirements;

- (j) overseeing the appointment, management succession planning and performance evaluation of the Board, the Board committees, individual directors and Key Senior Officers and to report their performance and areas of improvement to the Board at the end of each fiscal year;
- (k) periodically reporting to the Board on succession planning for the Board Chairman and Key Senior Officers, and working with the Board to evaluate potential successors;
- (l) determine annually whether a Director is independent as may be defined in the guidelines issued by Bank Negara Malaysia and in MMLR;
- (m) authorised to seek independent professional advice, at the expense of the Company, in carrying out their duties if necessary; and
- (n) assess and recommend to the Board, the re-appointment of Directors/ Chief Executive Officer upon the expiry of their respective terms of appointment as approved by Bank Negara Malaysia.

## **6. MEETINGS AND MINUTES OF THE COMMITTEE**

- (a) The Committee shall meet not less than once a year and at such other times as the Chairman of the Committee considers necessary or appropriate.
- (b) The quorum for meetings shall be two (2) independent directors. A duly convened meeting of a Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.
- (c) 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.
- (d) The Secretary of the Committee shall circulate the notice prior to the Nomination 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 Nomination Committee meeting.
- (e) The minutes of the Committee, when approved by the Committee and signed by the Chairman of the Committee, should be circulated to the Board.
- (f) The Company Secretary of TPM shall work together with personnel from the People & Culture Department to obtain supporting documents.
- (g) Resolutions, proposals and matters tabled for approvals at the Nomination Committee meeting shall be decided by a simple majority of the members present. In the event of equality of votes, the Chairman of the Committee shall have a second or casting vote.

- (h) 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.

**7. ANNUAL GENERAL MEETINGS**

*MCCG-Practice  
12.2*

The Chairman of the Committee (or a member of the Committee nominated by the Chairman) shall make best endeavour to attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

**8. RESOLUTIONS AND PROPOSALS BY CIRCULATION**

The Committee is allowed to carry out its resolutions by way of circulation. A resolution in writing signed or approve by letter, electronic mail, telegram, telex or telexfax or other form of electronic communication by a simple majority of the Committee, shall be valid effectual as if it had been passed at a meeting of the Committee duly called and constituted.

All such resolutions shall be described as "Members' Circular Resolutions" and shall be forwarded or otherwise delivered to the Secretary without delay and shall be recorded by the Secretary in the minutes book.

**9. MEETING USING COMMUNICATION TECHNOLOGY**

The Committee 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 Committee to be in the physical presence in the meeting. The Committee 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.

**10. REPORTING**

The Chairman of the Committee will report formally to the Board of Directors on the key aspects of its proceedings after each meeting. The Committee shall not be delegated with decision making powers but shall report its recommendations to the Board for decision.