



**TUNE INSURANCE MALAYSIA
BERHAD**

COMPANY NO.: 197601004719 (30686-K)

**TERMS OF REFERENCE FOR
NOMINATION COMMITTEE**

As at 23 October 2020

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1. APPLICABLE LAWS/ GUIDELINES

Including but not limited to:-

- (a) Capital Markets and Services Act 2007 of Securities Commission ("**CMSA**");
- (b) Companies Act 2016 ("**CA**");
- (c) Malaysian Code on Corporate Governance issued by the Securities Commission ("**MCCG**");
- (d) Corporate Governance policy document issued by Bank Negara Malaysia ("**BNM**") ("**CGP**"); and
- (e) the provisions of the Constitution of Tune Insurance Malaysia Berhad ("**TPM**" or "**the Company**").

2. OBJECTIVES/PRINCIPLES

The objectives/principles of the Nomination Committee ("**NC**" or "**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 ("**the Board**") and the Board Committees and make recommendations to the Board of any proposed changes to the Board and Board Committees, consistent with all legal and regulatory requirements including, but not limited to, the Constitution of the Company, 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 consideration 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 the NC;
- (c) make recommendations to the Board on the nomination policy, succession planning, training programmes and any related matters for the Directors; and
- (d) assess and interview Key Senior Officers and the Company Secretary 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, Head of Internal Audit, Chief Commercial Officer, Chief Risk Officer, Chief Information Officer, Chief Investment Officer and any other such positions that the NC may require, where applicable.

3. COMPOSITION OF MEMBERS

- (a) Members of the NC shall be appointed by the Board and shall comprise at least three (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 NC shall ensure disclosure to the Board the nature and extent of his/her interest in a transaction or arrangement of interest and if such transaction or arrangement is being deliberated during a Board meeting, he/she 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 the Company Secretary as soon as practicable after being aware of his/her interest in such transaction or arrangement.
- (c) If a member of the NC resigns, dies, is incapacitated or for any reason ceases to be a member resulting in the the number of members being reduced to below three (3), the Board shall fill the vacancy within three (3) months.
- (d) Each appointed NC member shall hold office until the earlier of:-
- (i) such time as the Board determines to terminate his/her appointment; or
 - (ii) the NC member ceases to be a member of the Board; or
 - (iii) his / her resignation as a NC member.

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

Where there is a specific need for information or clarification on any matters, the relevant staff, advisors, consultants and such other persons whom the NC deems necessary, may be invited to attend the specific session(s) of the NC meeting(s).

4. THE CHAIRMAN

The Chairman of the NC 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 must not be the Chairman of the NC. If at any meeting the Chairman is not present within five (5) minutes after the time appointed for holding the same, the members present may choose one (1) of their number to be Chairman of the meeting. As Chairman of the NC, the Independent Non-Executive Director or the Senior Independent Non-Executive Director shall:-

*BNM CGP-12.3(c)
& 12.4
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.

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5. ROLES, RESPONSIBILITIES AND POWERS

The NC's roles, responsibilities and powers include the following:-

- (a) assessing and recommending to the Board for their approval, nominees for directorships and Board Committee members taking into consideration the nominees':- *MCCG-Practice 4.4*
 - (i) skills, knowledge, expertise and experience;
 - (ii) qualification and professionalism;
 - (iii) age and gender;
 - (iv) cultural background and other core competencies;
 - (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 NC should also evaluate the candidates' ability to discharge such responsibilities/functions as expected by the Board;
- (b) establishing rigorous process for the appointment and removal of Directors. The process for the appointment shall involve assessment of candidates against the minimum requirements as set out below and the requirements under the CA:- *BNM CGP-10.7*
 - (i) a Director must not be disqualified under section 59(1) of the Financial Services Act 2013, and must have been assessed by the NC 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/her ability to discharge his/her duties effectively. The NC 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.
- (c) utilising a variety of approaches and sources in the search for suitable Board candidates including sourcing from external introductions, independent search firms and independent sources of director databases, the NC shall consider candidates for directorships proposed by the Chief Executive Officer and, within the bounds of practicability, by any other Key Senior Officers or any Director or shareholder; *MCCG-Practice 4.6*
- (d) 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 MCGG 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, consistent with all legal and regulatory requirements including, but not limited to, the MCGG 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;
- (e) recommending to the Board the removal of Director(s) from the Board and/or Key Senior Officers and/or the Company Secretary if the Director/ Key Senior Officer/ the Company Secretary is ineffective, errant and/or negligent in discharging his/her responsibilities;
- (f) establishing a mechanism for the formal annual assessment on the effectiveness of the Board, Key Senior Officers and the Company Secretary as a whole and the contribution of each Director to the effectiveness of the Board and the contribution of the various Board Committees. The NC'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 NC in the discharge of all its functions should be properly documented;
- (g) 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;
- (h) 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;
- (i) overseeing the appointment, senior management succession planning and performance evaluation of the Board, the Board Committees, individual Directors, Key Senior Officers and the Company Secretary and to report their performance and areas of improvement to the Board at the end of each fiscal year;

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- (j) 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;
- (k) determine annually whether a Director is independent as may be defined in the guidelines issued by BNM;
- (l) authorised to seek independent professional advice, at the expense of the Company, in carrying out their duties if necessary; and
- (m) 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 BNM.

6. MEETINGS AND MINUTES OF THE COMMITTEE

- (a) The NC shall meet not less than once a year and at such other times as the Chairman of the NC considers necessary or appropriate.
- (b) The quorum for meetings shall be two (2) Independent Directors. A duly convened meeting of the NC 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 NC.
- (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 to the NC members prior to each meeting.
- (d) The Secretary of the NC shall circulate the notice prior to the NC meeting. Reasonable time should be given for NC members and to other attendees as appropriate, to consider all relevant papers and materials prior to the NC meeting.
- (e) The Secretary shall be entrusted to record all proceedings of all meetings of the NC and to circulate the minutes to the NC members. The minutes of the meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting. The minutes of the Committee, when approved by the NC and signed by the Chairman of the NC, shall be circulated to the Board. The Secretary shall be responsible for keeping the minutes and to produce the minutes for inspection when necessary.
- (f) Proposals and matters tabled for deliberations at the NC meeting shall be decided by a simple majority of the members present. In the event of equality of votes, provided more than two (2) members present in persons are competent to vote on the question at issue but not otherwise, the Chairman of the Committee shall have a second or casting vote. A member of the NC shall abstain from discussion or deliberation and voting on matters in which the member has, directly and indirectly, an interest.

7. ANNUAL GENERAL MEETINGS

*MCCG-Practice
12.2*

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

8. RESOLUTIONS BY CIRCULATION

A signed or an approved resolution in writing transmitted by facsimile, electronic mail or other form of electronic means by a simple majority of the members entitled to receive notice of a meeting of the Committee shall be valid and effectual as if it had been passed at a meeting of the Committee duly convened and held.

All such resolutions shall be described as "Nomination Committee's Written Resolutions" and may consist of several documents in the like form each signed by one (1) or more members. The signed resolution 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 NC may meet together for the 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, be heard and/or to participate, and in addition for the NC members, to vote, without the need for the meeting participants to be physically present in the meeting, from more than one venue within or outside Malaysia. The NC members participating in any such meeting shall be counted in the quorum for such meeting.

10. REPORTING

The Chairman of the NC 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.

11. REVIEW OF THE TERMS OF REFERENCE

The NC shall review its terms of reference periodically and recommend any changes it considers fit or necessary.