



**TUNE INSURANCE MALAYSIA  
BERHAD**

(COMPANY NO. 30686-K)

**TERMS OF REFERENCE FOR  
REMUNERATION 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) Capitals 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 Remuneration Committee ("the Committee") are to:-

- (a) provide formal, transparent and independent procedures for developing a remuneration policy for the Non-Executive and Executive Directors and Key Senior Officers and ensuring that compensation is competitive and consistent with the Company's business strategy and long-term objectives. 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 RC may require, where applicable;
- (b) determine the specific remuneration packages of the Non-Executive and Executive Directors and Key Senior Officers with a balance as to be able to attract and retain talents without paying excessive remuneration within the terms of such agreed policy; and
- (c) review and recommend to the Board:-
  - (i) the compensation payable to Executive Director, and Key Senior Officers in connection with their individual contributions to the Company's overall performance and take into account the demands and complexities as performance of the Company as well as skills and experience required; or
  - (ii) any loss or termination of their office or appointment, and the compensation arrangements relating to their dismissal or removal.

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

- (a) Members of the Committee shall be appointed by the Board and shall comprise at least 3 members, all of whom including the Chairman, shall be non-executive directors and a majority shall be Independent Directors.
- (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) 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).
- (e) The Committee must not have any executive director in its membership.

*MCCG-Guidance 6.2  
BNM CGP-  
12.3(a)(b)&(c)*

*MCCG-Guidance 6.2*

### **4. THE CHAIRMAN**

The Chairman of the Committee shall be appointed by the Board and must be an 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.

*BNM CGP-  
12.3(c)&12.4*

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

The Committee is responsible for:-

- (a) review annually and recommend to the Board the **overall remuneration policy** for the Non-Executive Directors, Executive Directors and the Key Senior Officers (including but not limited to directors' fees, salaries, allowances, bonuses, share options and benefits-in-kind) that support TPM's long-term success and shareholder value, and ensure that compensation is consistent with TPM's business strategy and long-term objectives, including but not limited to:-

*MCCG-Guidance 6.1*

- (i) attracting and retaining Directors and Key Senior Officers of requisite quality that increases productivity and profitability in the long run;
  - (ii) motivating and creating incentives for Directors and Key Senior Officers to perform at their best;
  - (iii) focusing attention on the achievement of desired goals and objectives;
  - (iv) documented and approved by the full board and any changes thereto should be subject to the endorsement of the full board, including when material changes are made to the policy;
  - (v) reflect the experience and level of responsibility borne by individual directors, the chief executive officer and key senior officers;
  - (vi) sufficient to attract and retain directors, chief executive officer and key senior officers of calibre needed to manage the company successfully;
  - (vii) balanced against the need to ensure that the funds of the insurers are not used to subsidise excessive remuneration packages
  - (viii) periodically review the remuneration of directors on the board, particular on whether remuneration remains appropriate to each directors' contribution, taking into account the level of expertise, commitment and responsibilities undertaken.
- (b) make annual recommendations to the Board on the individual **remuneration packages** for the Executive Director and Key Senior Officers (including but not limited to director's fees, salaries, allowances, bonuses, share options and benefits-in-kind). The Committee shall ensure that such remuneration packages are competitive, fair and not excessive, and in determining such packages and arrangements the Committee must consider:-
- (i) the individual level of responsibilities undertaken, skills and experience as well as performance and contribution to TPM's growth and profitability, ensuring that the linkage between remuneration and performance is robust. However, the rewards-to-performance linkages should not create incentives for irresponsible behaviour and insider excesses.
  - (ii) the underlying performance of TPM as a company on the whole, in light of TPM's business plans and consider competitors' results, analyst reports and the views of the Chairman of other Board committees;
  - (iii) the relative weighting of fixed and variable remuneration for target performance varies with level of responsibility, complexity

*BNM CGP-19.3*

of the role and typical market practice;

- (iv) relevant market comparisons and practice as well as any other relevant guidance;
  - (v) that the performance criteria set are genuinely challenging and that they are more suitable than possible alternatives; and
  - (vi) any other such factors as the Committee considers necessary or appropriate;
- (c) review annually the performance of the Non-Executive Directors, Executive Directors and Key Senior Officers and recommend to the Board specific adjustments in remuneration and/or reward payments, if any, taking into account the consideration the points set out in (b)(i) to (vi) above;
- (d) ensure that remuneration outcomes are symmetric with risk outcomes. This includes ensuring that for Key Senior Officers:-
- (i) a portion of remuneration consists of variable remuneration to be paid on the basis of individual, business-unit and institution-wide measures that adequately assess performance; and
  - (ii) the variable portion of remuneration increases along with the individual's level of accountability.
- (e) obtain advice from external sources or experts, if necessary, regarding remuneration practices of other companies of a similar size in a comparable industry sector for the purposes of comparison;
- (f) review and recommend to the Board the compensation payable to the Non-Executive Directors, Executive Directors, and Key Senior Officers in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for TPM;
- (g) review and recommend to the Board compensation arrangements relating to dismissal or removal of the Executive Director, or Key Senior Officers for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable, appropriate, fair and not excessive for TPM;
- (h) review its own performance and terms of reference at least once a year to ensure that the Committee is operating at maximum effectiveness and recommend any change it considers necessary to the Board of Directors for approval;
- (i) be authorised to seek independent professional advice, at the expense of the Company, in carrying out their duties.

*BNM CGP-19.6*

## **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 at least two (2) members. 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 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.
- (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) 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.
- (g) 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**

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 shareholders 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 approved by letter, electronic mail, telegram, telex or telexfax or other form of electronic communication by a simple majority of the Committee, shall be valid and 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.