



**TUNE INSURANCE MALAYSIA
BERHAD**

COMPANY NO.: 197601004719 (30686-K)

**TERMS OF REFERENCE FOR
REMUNERATION 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 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 Remuneration Committee ("**RC**" or "**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 the 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.

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3. COMPOSITION OF MEMBERS

- (a) Members of the RC shall be appointed by the Board based on recommendation by the Nomination Committee. The RC shall comprise at least three (3) members, all of whom including the Chairman, shall be Non-Executive Directors and a majority shall be Independent Directors. *MCCG–Guidance 6.2
BNM CGP-12.3(a)(b)&(c)*
- (b) For avoidance of Directors’ actual and potential conflicts of interest, a member of the RC 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 RC resigns, dies, is incapacitated or for any reason ceases to be a member resulting in the number of members being reduced to below three (3), the Board shall fill the vacancy within three (3) months.
- (d) Where there is a specific need for information or clarification on any matters, the relevant staff, advisors, consultants and such other persons whom the RC deems necessary may be invited to attend the specific session(s) of the RC meeting(s).
- (e) The Committee must not have any Executive Director in its membership. *MCCG–Guidance 6.2*

4. THE CHAIRMAN

The Chairman of the RC 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 RC.

BNM CGP-12.3(c)&12.4

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.

5. ROLES, RESPONSIBILITIES AND POWERS

The RC’s roles, responsibilities and powers include the following:-

- (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 and of calibre needed to manage the Company successfully and to increase 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) reflecting the experience and level of responsibility borne by individual Directors, the Chief Executive Officer and Key Senior Officers;
 - (vi) balance against the need to ensure that the funds of the insurers are not used to subsidise excessive remuneration packages; and
 - (vii) 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 RC shall ensure that such remuneration packages are competitive, fair and not excessive, and in determining such packages and arrangements, the RC 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 of the role and typical market practice;
 - (iv) relevant market comparisons and practice as well as any other relevant guidance;

BNM CGP-19.3

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- (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 RC 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 RC 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 RC shall meet not less than once a year and at such other times as the Chairman of the RC considers necessary or appropriate.
- (b) The quorum for meetings shall be at least two (2) members. A duly convened meeting of the RC 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 RC.

- (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 RC members prior to each meeting.
- (d) The Secretary of the Committee shall circulate the notice prior to the RC meeting. Reasonable time should be given for the RC members and to other attendees as appropriate, to consider all relevant papers and material prior to the RC meeting.
- (e) The Secretary shall be entrusted to record all proceedings of all meetings of the NC and to circulate the minutes to the Committee 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 Committee and signed by the Chairman of the Committee, 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 approvals at the RC 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 RC shall abstain from discussion or deliberation and voting on matters in which the member has, directly and indirectly, an interest.

7. ANNUAL GENERAL MEETINGS

The Chairman of the RC (or a member of the RC nominated by the Chairman) shall make best endeavour to attend the Annual General Meeting to respond to any 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 Committee 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 "Remuneration 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 RC 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 RC 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 RC members participating in any such meeting shall be counted in the quorum for such meeting.

10. REPORTING

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