



**TUNE INSURANCE MALAYSIA  
BERHAD**

COMPANY NO.: 197601004719 (30686-K)

**TERMS OF REFERENCE FOR  
RISK MANAGEMENT COMMITTEE**

**As at 11 December 2020**

<b>TUNE INSURANCE MALAYSIA BERHAD COMPANY NO.: 197601004719 (30686-K)</b>	<b>11 DECEMBER 2020</b>
<b>Terms of Reference for Risk Management Committee</b>	<b>Page 2 of 7</b>

## **CONTENTS**

<b>NO.</b>	<b>SUBJECT</b>	<b>PAGE</b>
<b>1.</b>	<b>Objectives</b>	<b>3</b>
<b>2.</b>	<b>Authority</b>	<b>3</b>
<b>3.</b>	<b>Composition of Members</b>	<b>3</b>
<b>4.</b>	<b>The Chairman</b>	<b>3</b>
<b>5.</b>	<b>Roles, Responsibilities and Powers</b>	<b>4 - 5</b>
<b>6.</b>	<b>Meetings and Minutes of the Committee</b>	<b>5 - 6</b>
<b>7.</b>	<b>Reporting</b>	<b>6</b>
<b>8.</b>	<b>Resolutions by Circulation</b>	<b>6</b>
<b>9.</b>	<b>Meeting using Communication Technology</b>	<b>6</b>
<b>10.</b>	<b>ICAAP Policy &amp; Procedures</b>	<b>6 - 7</b>
<b>11.</b>	<b>Review of the Terms of Reference</b>	<b>7</b>

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<b>Terms of Reference for Risk Management Committee</b>	<b>Page 3 of 7</b>

## 1. OBJECTIVES

The Risk Management Committee ("**RMC**" or "**the Committee**") is a Committee of the Board of Directors ("**Board**"). The RMC is to support the Board of Tune Insurance Malaysia Berhad ("**TPM**" or "**the Company**") in meeting the expectations on risk management as set out by Bank Negara Malaysia ("**BNM**") and oversee the Management's activities in managing risks in credit, market, liquidity, operational, legal, and other risks and to ensure that the risk management process is in place and functioning effectively.

## 2. AUTHORITY

- (i) Authorized to review and recommend to the Board Risk Management policies, strategies and/or the Risk Management Framework; and
- (ii) Approve the necessary resources to enhance risk management capabilities and enable risk management functions to be effectively performed.

## 3. COMPOSITION OF MEMBERS

- (i) The RMC shall consist of not fewer than three (3) Non-Executive Directors, the majority of whom shall be independent. No Executive Director shall be appointed as a member of RMC.
- (ii) Members to the RMC shall be appointed by the Board based on recommendation by the Nomination Committee.
- (iii) The Board shall periodically review the term of office of the RMC members. The timing of the review is at the discretion of the Board. Notwithstanding this, the appointment automatically terminates when a member ceases to be a Director.
- (iv) If a member of the RMC resigns, dies 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.

*MCCG-Practice 9.3  
BNM CGP-12.3(a)&(b)  
BNM CGP-12.5*

## 4. THE CHAIRMAN

The members of the RMC shall elect a Chairman from among themselves with the proviso that the Chairman so elected must be an Independent Non-Executive Director and must not be the Chairman of the Board.

*BNM CGP-12.3(c)  
BNM-CGP-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.

*Article 109 of the  
Constitution*

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

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

- (i) Formulate high-level risk management strategies in line with the strategic objectives of TPM;
- (ii) Oversee the development of Enterprise Risk Management Strategies;
- (iii) Reviewing and recommending risk management framework, strategies, policies and risk tolerance/ appetite for the Board's approval;
- (iv) Provide direction and oversight to the Management;
- (v) Reviewing and assessing the adequacy of risk management policies and framework for identifying, measuring, monitoring and controlling risks as well as the extent to which these are operating effectively;
- (vi) Ensuring adequate infrastructure, resources and systems are in place for an effective risk management framework;
- (vii) Ensuring that corruption risk assessment is conducted on an annual basis and in this regard have the responsibility to:
  - (a) Ensure that corruption risk is incorporated into the general risk register of the Company;
  - (b) Receive and review risk management reports on bribery and/or corruption and ensure that appropriate mitigating actions are put in place to manage risk exposures;
  - (c) Present corruption risk assessment matters to the Board; and
  - (d) Consider conducting a comprehensive corruption risk assessment for the Company once every three (3) years.
- (viii) Ensuring that the risk management process remains transparent and independent;
- (ix) Reviewing the reporting to the Board on measures taken to:-
  - (a) Identify and examine principal risks faced by the Company; and
  - (b) Implement appropriate systems and internal controls to manage these risks.
- (x) Reviewing the adequacy and effectiveness of management's internal controls, risk management process and compliance function;
- (xi) Reviewing the implementation of risk management as set out in BNM's policy document on Risk Governance, Approaches to Regulating and Supervising Financial Group and Corporate Governance;

- (xii) Reviewing the effectiveness of the reporting structure for the overall business activities and risk management functions and the implementation of the appropriate system to manage various types of risks undertaken by the organisation;
- (xiii) Assisting the implementation of a sound remuneration system, examine the incentives provided by the remuneration system take into consideration risks, capital, liquidity and the likelihood and timing of earnings, without prejudice to the task of the Board;
- (xiv) Overseeing the effective implementation of Technology Risk Management Framework and Cyber Resilience Framework to ensure the continuity of operations and delivery of financial services; and
- (xv) Providing support to the Board on the oversight of technology related matters, including the adequacy of IT and cybersecurity strategic plans, reviewing technology related frameworks and ensuring risk assessments are conducted on materials technology application.

*BNM CGP-A1(5)*

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

- (i) The RMC shall hold regular meetings quarterly and such additional meetings as the Chairman shall decide in order to fulfil the RMC's duties.
- (ii) The quorum for all RMC meetings shall be two (2) or two-third (2/3) of the members whichever the higher must be in attendance.
- (iii) The RMC may invite any person and/or employee of the Company whom the Committee thinks fit and proper to attend its meeting to assist in its deliberations of matters raised.
- (iv) The Company Secretary shall act as Secretary of the Committee and shall be responsible, with the concurrence of the Chairman, for drawing up and circulating the agenda and the notice of meetings to the Committee prior to each meeting.
- (v) Proposals and matters tabled for deliberations at the meeting of the RMC shall be decided by a simple majority of votes 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 RMC shall abstain from discussion or deliberation and voting on matters in which the member has, directly and indirectly, an interest.
- (vi) The Company Secretary shall be entrusted to record all proceedings of the RMC meetings and to circulate the minutes to the RMC 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 RMC meeting, when approved by the RMC and signed by the Chairman of the RMC, shall be circulated to the Board. The

*Articles 110 & 117 of the  
Constitution*

Secretary shall be responsible for keeping the minutes and to produce the minutes for inspection when necessary.

- (vii) Group Risk Management & Compliance to attend TPM RMC meetings as invitee(s):-
- To enable Group Risk Management & Compliance's participation at the subsidiary level;
  - To provide feedback & recommendations on risk-related issues, where relevant; and
  - To enable Group Risk Management & Compliance's reporting to Tune Protect Group Berhad's RMC on TPM risk-related issues.

## **7. REPORTING**

The RMC Chairman will report a summary of significant matters and resolutions at each Board meeting.

## **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.

*Article 113 of the  
Constitution*

All such resolutions shall be described as "Risk Management 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 RMC 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 RMC 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 RMC members participating in any such meeting shall be counted in the quorum for such meeting.

## **10. INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS ("ICAAP") POLICY & PROCEDURES**

The ICAAP policy and procedures that was approved in January 2018 describes the process to implement the ICAAP. The capital position of TPM is reported via the Quarterly and Annually Risk-Based Capital (RBC) submission and the Quarterly Risk Management report to the RMC. As a general insurer under the Financial Services Act 2013, TPM must comply with the guidelines outlined by BNM. TPM manages its capital adequacy position on a statutory basis in accordance to the RBC Framework by

BNM. TPM's objective is to maintain an adequate Individual Target Capital Level (ITCL) always as agreed by the Board.

## **11. REVIEW OF THE TERMS OF REFERENCE**

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

### **Notes:**

BNM CGP refers to Bank Negara Malaysia's Corporate Governance Policy issued on 3 August 2016.

BNM CGP (A1) refers to the Appendix 1 of BNM CGP.

MCCG refers to the Malaysian Code on Corporate Governance of the Securities Commission published in April 2017.