



Tokio Marine Insurans (Malaysia) Berhad

BOARD OF DIRECTORS' CHARTER

1. MANDATE

The Board of Directors ("Board") of Tokio Marine Insurans (Malaysia) Berhad ("TMIM") provides direction and oversight in the management of the business and affairs of TMIM.

The Board is to ensure the long term viability of TMIM and that it is managed in the best interest of the shareholders while taking into account the interests of other stakeholders.

2. BOARD COMPOSITION

2.1 Selection of board members

- i. The Board Nomination Committee ("NC") oversees the composition of the Board in terms of the appropriate size and mix of skills, balance between executive and independent directors, and other core competencies.
- ii. The NC assesses and recommends nominees for directorship, directors to fill Board Committees, as well as assessing directors proposed for re-appointment to the Board for approval.
- iii. The assessment will include, but not be limited to, contribution, dedication and relevancy of experience and skills. The appointments/re-appointments shall be subject to the approval of Bank Negara Malaysia ("BNM").
- iv. The Policy on Appointment of Key Responsible Persons was approved by the Board of Directors.

2.2 Directorship criteria

- i. Board members must have an appropriate mix of skills, knowledge and experience in business and an understanding of the specific market in which TMIM operates, including the ability to provide stewardship over TMIM's business.



- ii. To ensure the effectiveness of the board, the desired competencies, knowledge or experience of board members should include, but not be limited to insurance, accounting, finance, banking, investment, law, marketing, information technology, strategy formulation, business acumen, management, understanding of market and customer dynamics, risk management and familiarity with the applicable regulatory requirements.
- iii. The board shall review the directorship criteria and skills set to ensure alignment with TMIM's strategic direction and emerging challenges faced, taking into account supervisory concerns highlighted by BNM that may require specific expertise on the board.

2.3 Independent directors

- i. The majority of directors on the board shall comprise independent directors at all times to ensure independence of the board and help mitigate any possible conflict of interests between the policy-making process and the day-to-day management of TMIM.
- ii. The board of TMIM must not have more than one (1) executive director, unless BNM approves otherwise in writing.

2.4 Chairman

- i. The board shall appoint its chairman from among TMIM's independent directors.
- ii. The chairman of the board must not be an executive, and must not have served as the Chief Executive Officer ("CEO") of TMIM in the past five (5) years.
- iii. The chairman of the board is to ensure the board is kept apprised of relevant matters and board approval is sought when needed. In addition, the chairman is responsible that all relevant issues are included in the board agenda for board meetings and that all directors are enabled to participate fully in the board's activities. This includes making certain that directors, especially independent directors, receive timely and relevant information and are properly briefed on issues arising at board meetings.

The chairman shall also lead efforts to address the board's developmental needs.

- iv. To ensure the proper separation of governance from management, the positions and roles of the chairman and the CEO should be distinct and separate, with clear division of responsibilities between them.



2.5 Tenure of directorship

- i. Independent directors will serve a tenure not exceeding nine (9) years.
- ii. All appointments and re-appointments of directors have to be approved by BNM and subject to a specified term (usually not more than three years) from the effective date of appointment/re-appointment.

2.6 Retirement or cessation from office

Where a director, as the case may be –

- (a) becomes disqualified under section 59(1) of Financial Services Act 2013; or
 - (b) no longer complies with any of the fit and proper requirements as may be specified by BNM under section 60 of Financial Services Act 2013,
- the director shall immediately cease to hold office and act in such capacity.

3. BOARD COMMITTEE

3.1 Number and structure of committee

- i. The board delegates certain of its functions to its committees, each of which is guided by a written Terms of Reference approved by the board.
- ii. There are four (4) committees of the board and their primary objectives are as follows:-

(a) **Board Nomination Committee**

Board Nomination Committee's primary objective is to establish a documented formal and transparent procedure for the appointment of directors, CEO, and key responsible persons, assess the effectiveness of individual directors, the board as a whole, and key responsible persons on an on-going basis.

The Board Nomination Committee is authorized by the board to obtain third party independent professional advice as it deems necessary.

The Committee should not be delegated with decision-making powers but should report its recommendation to the full board for decision.

(b) **Board Remuneration Committee**

The Board Remuneration Committee's primary objective is to provide formal and transparent procedure for developing remuneration package for directors, CEO and key responsible persons and ensuring their compensation is competitive and consistent with TMIM's objectives, strategy and culture.



The Board Remuneration Committee is authorized by the board to obtain third party independent professional advice as it deems necessary.

The Committee should not be delegated with decision-making powers but should report its recommendation to the full board for decision.

(c) Board Risk Management Committee

Board Risk Management Committee's primary objective is to oversee the Management's activities in managing key risk areas of the Company and to ensure that an appropriate risk management process is in place and functioning effectively.

The Board Risk Committee is authorized by the board to obtain third party independent professional advice as it deems necessary.

The Committee should not be delegated with decision-making powers but should report its recommendation to the full board for decision.

(d) Board Audit Committee

Board Audit Committee's primary objective is to assist the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practices of TMIM as well as in ensuring the effectiveness of the internal controls instituted by Management.

The Board Audit Committee is authorized by the board to obtain third party independent professional advice as it deems necessary.

The Committee should not be delegated with decision-making powers but should report its recommendation to the full board for decision.

- iii. Any proposed change(s) to the Board Committees' Terms of Reference shall be effective only with the approval of the Board.
- iv. Any action of the Board Committee beyond the scope of its Terms of Reference requires ratification by the Board.

3.2 Independent Board Committee Members

The relevant legislation, regulations and guidelines determine the composition of the board and board committees in respect of independent and executive directors.

4. MEETINGS OF THE BOARD AND BOARD COMMITTEES

4.1 Agenda setting

The chairman of the board, in consultation with the CEO and assisted by the company secretary, develops the agenda for board meetings. Similarly, the chairman of each committee may consult the CEO and appropriate members of the management in developing the agenda for committee meetings.



4.2 Meeting papers

Board and committee papers, with accompanying notes and explanation for agenda items to facilitate directors' understanding are distributed in advance of the meeting.

Management will provide information on the business, finance, risks, human resource and operations of TMIM to the directors on a regular basis as well as on an "as-required" basis.

4.3 Meetings

- i. The board may meet at any time but no less than six (6) times a year.
- ii. At all meetings of the board, the chairman, if present, shall preside. If the chairman of the board is absent, the members present at the meeting shall elect a chairman of the meeting.

TMIM must ensure that attendance at board meeting, by way other than physical presence, remains the exception rather than the norm, and is subject to appropriate safeguards to preserve the confidentiality of deliberation.

- iii. In respect of the quorum for board meetings, TMIM must require at least half of the board members to be present.
- iv. The secretary of TMIM or his/her assistant, if any, shall be in attendance and a record of the proceedings shall be kept. The board must ensure that clear and accurate minutes of board meeting are maintained to record the decisions of the board, including the key deliberations, rationale for each decision made, and any significant concerns or dissenting views. The minutes must indicate whether any director abstained from voting or excused himself from deliberating on a particular matter.
- v. The meetings of the board committees are similarly guided by their respective Terms of Reference.

4.4 Management at Board Meetings

Appropriate members of the management or external advisers may be invited to participate and/or make presentations at board meetings to enable directors to gain additional understanding and insight into TMIM's business.

4.5 Written or circulating resolutions

- i. A resolution in writing, signed by all the directors shall be as effective for all purposes as a resolution passed at a meeting of the directors duly convened, held and constituted. Any such resolution may consist of several documents in the like form, each signed by one or more of the directors.



- ii. The meetings of the board committees are similarly guided by their respective Terms of Reference.

4.6 Minutes of the Committee Meetings

Minutes of committee meetings are provided to all directors at the next appropriate board meeting following the committee meetings.

5. RESPONSIBILITIES AND DUTIES OF THE BOARD

- i. The board has the responsibilities to adhere to the laws of the jurisdictions within which TMIM operates in.
- ii. Management operates within the confines of the rules and regulations of the prevailing regulatory authorities and provides the board with the assurance that they have been duly adhered to and complied with.
- iii. The board delegates authority to the board committees, chairman, CEO and any other bodies as it deems fit for effective management of TMIM. Any authority delegated emanates from the board and the board remains fully accountable for any authority delegated to the board committees.
- iv. In carrying out its functions or duties, the board shall have regard to the interests of policy owners of TMIM.
- v. Broadly, the responsibilities of the board include but are not limited to the following:
 - (a) approve the risk appetite, business plans and other initiatives which would, singularly or cumulatively, have a material impact on TMIM's risk profile that would include initiatives which affect the financial soundness, reputation or key operational controls of TMIM;
 - (b) oversee the selection, performance, remuneration and succession plans of the CEO, control function heads and other members of senior management, such that the board is satisfied with the collective competence of senior management to effectively lead the operations of TMIM;
 - (c) oversee the implementation of TMIM's governance framework and internal control framework, and periodically review whether these remain appropriate in light of material changes to the size, nature and complexity of the TMIM's operations;
 - (d) promote, together with senior management, a sound corporate culture within TMIM which reinforces ethical, prudent and professional behaviour;
 - (e) promote sustainability through appropriate environmental, social and governance considerations in TMIM's business strategies;
 - (f) oversee and approve the recovery and resolution as well as business continuity plans for TMIM to restore its financial strength, and maintain or preserve critical operations and critical services when it comes under stress;



and

(g) promote timely and effective communication between TMIM and BNM on matters affecting or that may affect the safety and soundness of TMIM.

vi. **Formal schedule of matters reserved for board's deliberation and decision**

TMIM has in place a formal schedule of matters reserved for board's deliberation and decision making to ensure that the direction and control of TMIM are firmly vested in the board.

The formal schedule of matters clearly defines the types and nature of issues, transactions and thresholds, the process of deliberations and that the relevant information is circulated to existing and newly appointed board members.

The matters include but are not limited to delegation to management, company's strategy setting, implementation and supervision, setting of management limits, monitoring of financial performance, risk management, effectiveness in monitoring the system of internal controls, succession planning and remuneration reviews.

vii. **Duties of Directors**

A director of TMIM is required to comply with all the statutory laws, regulations, guidelines enacted thereunder and issued by BNM at all times, which include but not limited to the following –

- (a) act in good faith in the best interests of TMIM;
- (b) uphold the highest standards of integrity and exercise reasonable care, skill and diligence with –
 - i. the knowledge, skill and experience which may reasonably be expected of a director having the same responsibilities; and
 - ii. any additional knowledge, skill and experience which a director has
- (c) avoid positions of conflict of interest between TMIM and yourself, your relations and corporations related to you;
- (d) abstain from any decisions which could place or potentially place you in situations of conflict and reporting to the board at the first instance of any potential conflicts of interest.

In particular, you shall disclose to the board the nature and extent of your interest, whether directly or indirectly, in a material transaction or material arrangement with TMIM.

Whether or not such declaration has been made, you who have, directly or indirectly an interest in a material transaction or material arrangement shall abstain from the deliberation at the board meeting where the material transaction or material arrangement is being deliberated by the board. Where there is any change in the nature and extent of your interest in a material transaction or material arrangement subsequent to the disclosure made by



you, you shall make a further disclosure of such changes;

(e) be expected to –

- i. attend at least 75% of the board and relevant board committees' meetings held in each year;
- ii. study information packages provided by management in advance of meetings and be prepared to discuss the contents at the meetings;
- iii. read all reports and proposals submitted and approve them promptly in writing, where applicable;
- iv. avoid competing time commitments that impair your ability to discharge your duties effectively;
- v. attend educational trainings arranged by the Company;
- vi. refrain from being an active politician;
- vii. only exercise powers conferred for the purposes for which such powers are conferred;
- viii. exercise sound and independent judgment;
- ix. at all times oversee the implementation of internal policies and procedures adopted by TMIM and comply with applicable standards for directors as specified by BNM; and
- x. challenge and help develop proposals on strategy, and review the performance and effectiveness of Management in meeting agreed goals and objectives and monitor the reporting of performance.

6. ADMINISTRATIVE MATTERS

6.1 Board Confidentiality

Directors will maintain absolute confidentiality of the deliberations and decisions of the board and of information received at meetings, except as may be specified by chairman or if the information is publicly disclosed by TMIM.

6.2 Directors' Board Rules

Care will be taken to ensure that new directors understand the roles and responsibilities of the board and its committees, as well as the commitment level that the board expects of its directors. TMIM's Board Rules containing information on the company and board matters should be updated as and when necessary.



6.3 Resources

The board and directors shall have the resources and authority to discharge their duties and responsibilities, including the authority to retain counsel or other experts, as they deem appropriate.

6.4 Other matters

The Board Charter sets out the minimum requirements for the Board of Directors and the duties required by legislation and regulatory bodies, and does not replace the said requirements.

Where ambiguity and/or contradiction arises, the legislation and the regulations shall prevail over the contents of the Board Charter.

The provisions of the Board Charter are subject to such revisions by way of modification, addition or otherwise as the Board may from time to time consider fit.

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