

**NOMINATION AND REMUNERATION COMMITTEE – TERMS  
OF REFERENCE**

**VERSION 6.0**

## **1.0 OBJECTIVE(S)**

The primary objectives of the Nomination and Remuneration Committee of the Board of Allianz Malaysia Berhad ("AMB") ("NRC") are:-

- (a) to establish a documented formal and transparent procedure for the appointment and removals of Directors, Chief Executive Officers ("CEO(s)") and Key Responsible Persons ("KRP(s)") of AMB and its subsidiaries ("AMB Group" or "Group");
- (b) to assess the effectiveness of individual Director, the respective Boards (including various committees of the Board), CEOs and KRPs of the AMB Group on an on-going basis;
- (c) to provide a formal and transparent procedure for developing a remuneration policy for Directors, CEOs, KRPs; and
- (d) to ensure that the compensation is competitive and consistent with the culture, objective and strategy of the AMB Group.

## **2.0 COMPOSITION**

2.1 The members of the NRC are as follows:-

- (a) Tunku Zain Al-Abidin Ibni Tuanku Muhriz (Chairman – Independent Non-Executive Director)
- (b) Goh Ching Yin (Independent Non-Executive Director)
- (c) Dr. Muhammed Bin Abdul Khalid (Independent Non-Executive Director)

2.2 The NRC must consist of at least three (3) Non-Executive Directors appointed from the Board of AMB, a majority of whom are Independent Directors and chaired by an Independent Director.

2.3 The Company Secretary should act as the Secretary of the NRC.

2.4 The permanent invitees to the meetings of the NRC are CEOs of the respective companies within the Group.

2.5 The composition of the NRC and any changes thereof must be approved by the Board after taking into consideration the recommendations of the NRC.

## **3.0 DUTIES AND RESPONSIBILITIES**

3.1 The duties and responsibilities of the NRC are stated below and shall applicable to the Group:-

- (a) Overseeing the overall composition of the Board in terms of the appropriate size and mix of skills, the balance between Executive Directors, Non-Executive

Directors and Independent Directors as well as diversity (including gender diversity), and other core competencies required, through annual review;

- (b) Recommending and assessing the nominees for directorship, the Directors to fill Board Committees, nominees for the CEO position as well as KRPs. This includes assessing the Director and CEO/KRPs proposed for re-appointment/re-election, where applicable. The NRC in making its recommendation on candidates for directorship or re-appointment, should consider the candidate's:-
  - (i) skill, knowledge, competencies, expertise and experience;
  - (ii) professionalism;
  - (iii) integrity;
  - (iv) time, commitment, contribution and performance; and
  - (v) in the case of candidate for the position of Independent Non-Executive Directors, the NRC should also evaluate the candidates' ability to discharge such responsibilities/ functions as expected from Independent Non-Executive Directors;
- (c) carrying out annual board evaluations to assess the performance and effectiveness of the Board, Board Committees and individual Directors. Identifying areas for professional development and in place development plans for Directors.
- (d) developing, and reviewing the criteria to assess the independence of its Independent Directors and undertake assessment to determine whether the Independent Director can continue to be independent in character and judgement and free from associations or circumstances that may impair the exercise of his independent judgment.
- (e) overseeing succession plans for the Board, Chief Executive Officer and KRPs to promote renewal and address any vacancies.
- (f) recommending to the Board on removal of a Director/CEO and KRPs if they are ineffective, errant or negligent in discharging their responsibilities;
- (g) reviewing the fit and proper assessments on Directors, CEOs and KRPs prior to initial appointments and at regular intervals of at least annually or whenever the Group becomes aware of information that may materially compromise a Director, CEO and KRP's fitness and propriety to ensure that all Directors, CEOs and KRPs fulfill fit and proper requirements at all times.
- (h) reviewing the list of KRPs of the Group to ensure that the list is comprehensive and has taken into account all key positions within the Group;
- (i) ensuring that newly appointed Directors undergo appropriate induction programmes and regularly review the training needs for Directors to ensure the Directors received continuous trainings;
- (j) Recommending the engagement of external consultants to assist in and lend objectivity to the annual assessment and remuneration matters;

- (k) recommending a framework of remuneration for Directors, CEOs and KRPs of which should:-
  - (i) be documented and approved by the full Board and to be reviewed periodically. Any changes thereto should be subject to the endorsement of the full Board;
  - (ii) be in-line with the business and risk strategies, corporate values, long-term interests of the Group and reflect the experience and level of responsibility borne by individual Directors, the CEOs and KRPs;
  - (iii) promote prudent risk-taking behaviour and encourage individuals to act in the interests of the Group as a whole, taking into account the interests of its customers;
  - (iv) be sufficient to attract and retain Directors, CEOs and KRPs of calibre needed to manage the Group successfully;
  - (v) be designed and implemented with input from the control functions and the Risk Management Committee of AMB Board to ensure that risk exposures and risk outcomes are adequately considered; and
  - (vi) be balanced against the need to ensure that the funds of the insurer are not used to subsidise excessive remuneration packages.
  
- (l) recommending remuneration packages for Directors, CEOs and KRPs. The remuneration packages should be reviewed annually and:-
  - (i) be based on an objective consideration and approved by the full Board;
  - (ii) take due consideration of the assessments of the NRC the effectiveness and contribution of the Directors, CEOs and KRPs concerned;
  - (iii) not be decided by the exercise of sole discretion of any one individual or restricted group of individuals; and
  - (iv) be competitive and is consistent with the culture, objective and strategy of the Group.
  
- (m) reviewing and recommending the annual performance bonus and increment for the staff of the Group;

#### **4.0 AUTHORITY**

- 4.1 The NRC is authorised by the Board to deal with any matters within its terms of reference and/or authority limits granted by the Board.
  
- 4.2 In addition to the above, the NRC may deal with such other matters as the Board may from time to time determine and/or any matters within its terms of reference that any member may raise for discussion.
  
- 4.3 The NRC shall have full and unrestricted access to any information pertaining to matters within its terms of reference. All employees of AMB Group are required to respond to any requests by the NRC and to assist the same in any matter it may handle or investigate. The NRC should be provided with sufficient support and resources required to investigate matter within its mandate.

## **5.0 MEETINGS, QUORUM AND VOTING**

### **5.1 Meeting**

- 5.1.1 The NRC should meet at a minimum twice a year.
- 5.1.2 The Chairman of the NRC may call for additional meetings of the NRC if the needs arise and may invite any person to be in attendance to assist the NRC in its deliberations.
- 5.1.3 In the absence of the Chairman at the meeting, the members present at the meeting shall elect one among themselves to be Chairman of the meeting.
- 5.1.4 The Secretary should be responsible for drawing up the agenda with the concurrence of the Chairman and circulating it, supported by explanatory documentation, to NRC members within a reasonable timeframe prior to each meeting. Urgent matters may be tabled for the NRC's deliberation under a supplemental agenda provided the consent of the Chairman is obtained.
- 5.1.5 The Secretary should also be responsible for keeping the minutes of meetings of the NRC, their timely circulation to NRC members and other members of the Board, and following up on outstanding matters in relation to the meetings.
- 5.1.6 The Chairman of the NRC should report to the Board on the deliberations of the NRC on a regular basis. In addition, the Chairman should also present a summary of all significant matters and resolutions made by the NRC at Board meetings.
- 5.1.7 In between the NRC meetings, a resolution in writing signed by a majority of the NRC members for the time being, shall be as valid and effectual as if it had been passed at a meeting of the NRC. Any such resolution may be transmitted by the members of the NRC via facsimile transmission or email to the Secretary.

### **5.2 Quorum**

- 5.2.1 The quorum of NRC meetings should be a simple majority of the NRC members.

### **5.3 Voting**

- 5.3.1 Every NRC member shall have a right to speak and vote on any matter tabled at the meeting. The Secretary and any person present by invitation shall be entitled to speak but shall not have any voting right.
- 5.3.2 All matters that are to be decided upon and approved by the NRC shall be put to vote and passed by a majority of vote and in case of any equality of votes, the Chairman of the meeting shall have a casting vote.
- 5.3.3 Member who has a direct or deemed interest in the subject matter presented at the meeting shall abstain from deliberation and voting on the said subject matter.

