

TERMS OF REFERENCE OF NOMINATION COMMITTEE

Committee Members

- Dato' Othman Abdullah (*Chairman - Senior Independent Director*)
- Encik Mahadzir Azizan
- Encik Zakaria Ismail

Primary Objective

- The primary objective of Nomination Committee is to establish a documented, formal and transparent procedure for the appointment of Directors, Group Managing Director/Chief Executive Officer, Shariah Advisory Body members, Management members (General Managers and above) and Appointed Actuary, and to assess the effectiveness of the Directors, the Board as a whole and the various Committees of the Board, Shariah Advisory Body members, Group Managing Director/Chief Executive Officer, Management members and Appointed Actuary on an on-going basis.

Composition

- Under the Bank Negara Malaysia's Guidelines on Directorship for Takaful Operators issued on 8 June 2011, the Nomination Committee shall consist of at least five members, of which a minimum of four must be Non-Executive Directors. The Malaysian Code on Corporate Governance 2012 (MCCG) recommended for the Nomination Committee to comprise exclusively of Non-Executive Directors, a majority of whom must be independent.
- Under the Bank Negara Malaysia's Guidelines on Directorship for Takaful Operators, the Committee must be chaired by an Independent Non-Executive Director. The MCCG recommended that the Committee should be chaired by the Senior Independent Non-Executive Director.
- A member of the Committee shall abstain from participating in discussions and decisions on matters directly involving him in order to avoid conflicts of interest.

Roles and Responsibilities

- Establishing minimum requirements for the Board and Group Managing Director/Chief Executive Officer to perform their responsibilities effectively. The Committee is also responsible for 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;
 - Mix of skills; and
 - Other core competencies required, through annual review, etc.

- Recommending and assessing the nominees for directorship, the directors to fill Board Committees, as well as nominees for the Group Managing Director/Chief Executive Officer, Shariah Advisory Body members, Management members and Appointed Actuary's position. This includes assessing directors, the Group Managing Director/Chief Executive Officer, Shariah Advisory Body members and Appointed Actuary proposed for re-appointment, before an application for approval is submitted to Bank Negara Malaysia;
- Establishing the mechanism for formal assessment and assessing:
 - The effectiveness of the Board as a whole;
 - The contribution by each director to the effectiveness of the Board;
 - The contribution of the Board's various Committees;
 - The performance of the Group Managing Director/Chief Executive Officer; and
 - The performance of Shariah Advisory Body members.

The assessments will also include ascertaining that the director is not disqualified under the relevant law and fulfills the 'fit and proper' criteria. For this purpose, the Company may require the directors to make a quarterly declaration, using a standard format, that they are not disqualified under the relevant law and fulfil the 'fit and proper' criteria.

- Recommending to the Board on the removal of a director/Group Managing Director/Chief Executive Officer if he is ineffective, errant or negligent in discharging his responsibilities;
- Ensuring that all directors undergo appropriate induction programmes and receive continuous training;
- Overseeing the appointment, Management succession planning and performance evaluation of Management members and Appointed Actuary, and recommending to the Board the removal of Management members and Appointed Actuary if they are ineffective, errant or negligent in discharging their responsibilities;
- Any other matters that may be delegated by the Board from time to time; and
- The procedures for appointment and assessment must be approved by the full Board and disclosed to the shareholders of Takaful Malaysia. The Committee should not be delegated with decision-making powers but should report its recommendations to the full Board for decision.

Frequency of Meetings

- As and when required, at a minimum once a year.