

---

## TERMS OF REFERENCE OF REMUNERATION COMMITTEE

### Committee Members

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

### Primary Objective

- The primary objective of Remuneration Committee is to provide a formal and transparent procedure for developing a remuneration policy for Directors, Group Managing Director/Chief Executive Officer, Shariah Advisory Body members, Management members (General Managers and above) and ensuring that their compensation is competitive and consistent with Takaful Malaysia's culture, objectives and strategy.

### Composition

- The Remuneration Committee shall consist of at least three members, all of which must be Non-Executive Directors and must be chaired by an 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

- Recommending a framework of remuneration for Directors, Group Managing Director/Chief Executive Officer, Shariah Advisory Body members and Management members. The remuneration policy should:
  - Be documented and approved by the full Board and any changes thereto should be subject to endorsement of the full Board;
  - Reflect the experience and level of responsibility borne by the individual directors, Group Managing Director/Chief Executive Officer, Shariah Advisory Body members and Management members;
  - Be sufficient to attract and retain directors, Group Managing Director/Chief Executive Officer, Shariah Advisory Body members and Management members of calibre needed to manage the Company successfully; and
  - Be balanced against the need to ensure that the funds of the Company are not subsidise excessive remuneration packages and should not create incentives for irresponsible behaviour or insider excesses.
- Recommending specific remuneration packages for Directors, Group Managing Director/Chief Executive Officer, Shariah Advisory Body members and Management members. The remuneration packages should:

- 
- Be based on an objective consideration and approved by the full Board;
  - Take due consideration of the assessments of the Nomination Committee of the effectiveness and contribution of the Director, Group Managing Director/Chief Executive Officer, Shariah Advisory Body members and Management members concerned;
  - Not be decided by the exercise of sole discretion of any one individual or restricted group of individuals; and
  - Be competitive and is consistent with Takaful Malaysia's culture, objective and strategy.
- The remuneration packages for the Executive Directors should be structured to link rewards to corporate and individual performances to encourage high performance standards. However, the rewards-to-performance linkages should not create incentives for irresponsible behaviour and insider excesses. As for Non-Executive Directors and Independent Directors, the level of remuneration should be linked to their level of responsibilities undertaken and contribution to the effective functioning of the Board. Non-Executive Chairman should not expect executive pay.
  - The remuneration of Group Managing Director/Chief Executive Officer, should not be out of line with the scale of business operations and activities of the Company. The Group Managing Director/Chief Executive Officer should not avail himself of self-serving remuneration with excessive bonuses and fringe benefits relative to the profits and operations of the Company. The entitlement of the Group Managing Director/Chief Executive Officer to receive director's fees from subsidiaries of the Company in which he is a director should be nominal and not excessive.

### **Frequency of Meetings**

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

Dated this 1<sup>st</sup> day of January 2017