

# FWD Takaful Berhad

## Nominations and Remuneration Committee Terms of Reference

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### Membership

The Committee shall comprise not less than three (3) independent non-executive Directors.

The Chairman of the Committee shall be an independent non-executive Director.

The Chairman and members of the Committee shall be appointed by the Board of the Company (the “Board”).

### Attendance

Only Committee members have the right to attend committee meetings.

The Committee may invite any Director, executive or other person to attend any meeting(s) of the Committee as it may from time to time consider desirable to assist the Committee in the attainment of its objective.

The Company’s Chief Risk Officer will attend meetings as required to present reports on the implications of the FWD Group’s remuneration policy on risk and risk management and to validate and assess risk adjustment data.

### Meetings and Quorum

The Committee shall meet with such frequency and at such times as it may determine. It is expected that the Committee shall meet at least twice each year.

The quorum for meetings shall be two Directors.

The Secretary of the Committee is the Company Secretary of the Company.

### Objective

The Committee is responsible for the following:

- (i) leading the process for Board appointments and for identifying and nominating for the approval of the Board, candidates for appointment to the Board. Appointments to the Board are subject to the approval of Bank Negara Malaysia (“BNM”).

- (ii) reviewing whether if applicable, FWD Group’s remuneration policy complies with all relevant local regulations and is appropriate to attract, retain and motivate Directors and senior management of the quality required to run the Company successfully.

### Responsibilities of the Committee

Without limiting the generality of the Committee’s purpose, the Committee shall have the following responsibilities, powers, authorities and discretion.

#### 1.0 Key responsibilities in relation to Nominations

1.1 The Committee shall make recommendations to the Board concerning:

- (i) plans for succession for both executive and non-executive Directors, Chief Executive Officer (“CEO”) and senior management;
- (ii) the appointment of any Director, both executive and non-executive, Shariah Committee and the CEO before submission to BNM for approval.
- (iii) suitable candidate for the role of Chairman of the Board;
- (iv) the re-election by shareholders of Directors retiring by rotation;
- (v) the renewal of the terms of office of non-executive Directors;
- (vi) membership of Board Committees, in consultation with the chairmen of such
- (vii) committees as appropriate; and
- (viii) any matters relating to the continuation in office of any Director, CEO and any member of senior management at any time.

1.2 The Committee shall:

1.2.1 regularly review the structure, size and composition (including the skills, knowledge and experience) required of the Board and make recommendations to the Board with regard to any changes;

1.2.2 give full consideration to succession planning for Directors in the course of its work, taking into account the challenges and opportunities facing the Company, and what skills and expertise are therefore needed on the Board in the future;

1.2.3 before recommending an appointment, evaluate the balance of skills, knowledge and experience on the Board, and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates, the Committee shall:

- (i) use such method or methods to facilitate the search as it may deem appropriate;
- (ii) consider candidates from a wide range of backgrounds;

- (iii) consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position;
- (iv) have due regard for the benefits of diversity on the Board, including gender;
- (v) assess the candidate to ensure that he/she fulfills the minimum requirements (including fit and proper requirements) prescribed by BNM in regard to board appointments; and
- (vi) take into account any supervisory concerns that may be highlighted by BNM that require specific expertise on the Board.

- 1.2.4 keep under review the leadership needs of the Company, both executive and non- executive, with a view to ensuring the continued ability of the Company to compete effectively in the marketplace;
- 1.2.5 keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
- 1.2.6 review annually the time required from non-executive Directors. Performance evaluation should be used to assess whether the non-executive Directors are spending enough time to fulfil their duties;
- 1.2.7 ensure that on appointment to the Board, non-executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside Board meetings;
- 1.2.8 assess, annually and as and when necessary, each Director against the minimum requirements (including fit and proper requirements) prescribed by BNM on board appointments;
- 1.2.9 ensure that the prior approval of BNM is obtained before the removal or acceptance of resignation of an independent director;
- 1.2.10 carry out annual board evaluations to objectively assess the performance and effectiveness of the Board, Board Committees and individual Directors;
- 1.2.11 ensure that development plans are in place and are updated regularly for the Directors;
- 1.2.12 review the list of senior management and be satisfied that the list is comprehensive and has taken into account all key positions within the Company;
- 1.2.13 oversee the appointment, succession planning and performance evaluation of senior management;
- 1.2.14 assess each member of senior management against the minimum requirements (including fit and proper requirements) prescribed by BNM on senior management appointments, at the

time of appointment, on annual basis and, as and when necessary; such responsibility may be delegated to the CEO; and

- 1.2.15 ensure that appropriate process is in place to facilitate the transfer of knowledge and expertise from expatriates employed for senior management or specialist positions to local employees of the Company, and to deliberate on the performance and contribution of expatriates to the overall development of the Company.

## 2.0 Key responsibilities in relation to Remuneration

- 2.1 The Committee is to consider remuneration matters for the Company and its subsidiaries (if any) in the context of, if applicable, the FWD Group's remuneration policy and to provide advice to the Board on the remuneration policy and structure relevant to the Company based on the regulatory context and market conditions.

The Committee is to support the Board in actively overseeing the design and operation of the Company's remuneration system.

- 2.2 The Committee is to review performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time, and to consider the relevant issues, if any, that were taken into account by the FWD Group Compensation Committee in agreeing remuneration funding and proposals relevant to the Company so as to complete the annual pay review process of the Company;
- 2.3 The non-executive Directors may require a separate briefing on the remuneration of specific individuals of the Company and provide their input as appropriate;
- 2.4 The Committee is to discuss any significant concerns with the Board for escalation, if appropriate, to the FWD Group Compensation Committee;
- 2.5 The Committee is to undertake on behalf of the Chairman of the Company or the Board such other related tasks as the Chairman of the Company or the Board may from time to time entrust to it;
- 2.6 The Committee is to periodically review the remuneration of Directors on the Board, particularly on whether remuneration remains appropriate to each Director's contribution, taking into account the level of expertise, commitment and responsibilities undertaken.
- 2.7 The Committee is to propose the remuneration for each Director, member of senior management and other material risk taker for approval by the Board and the shareholders, and if required, FWD Group Compensation Committee.

2.8 In respect of regulatory, risk and audit, the Committee is:

2.8.1 to review any matters relating to remuneration that need to be reported to shareholders and regulators and assessing that there are effective safeguards in place to ensure that remuneration policies are clearly aligned with the Company's risk appetite and the regulatory and other legislative requirements that the Company is required to comply with. This includes the review and approval of:

- (i) the content of the Remuneration Report (if any) in the annual report and accounts for submission to the Board as a whole; and
- (ii) any statement required by the Company's regulators from the Committee on the Company's remuneration policy.

2.8.2 to seek confirmation from the Company's Risk Committee or Chief Risk Officer, as appropriate, that risk appetite was aligned with performance objectives set in the context of incentive packages and that any relevant adjustments for risk were applied when considering performance objectives or actual performance. In the event of any difference of view, appropriate risk adjustments should be proposed by the Chairman of the Company on behalf of the Board to the FWD Group Compensation Committee for further consideration.

#### Operation of the Committee

1.0 The Committee shall, other than in the exercise of discretion by the Committee based upon the framework previously agreed by the FWD Group Compensation Committee and endorsed by shareholders, report, without delay, to the FWD Group Compensation Committee any significant breach of law or regulations or any breach of FWD Group's remuneration policy that has been brought to the attention of the Committee, and to provide such certification as may be required by the FWD Group Compensation Committee.

2.0 The Committee may appoint, employ or retain such professional advisers as the Committee may consider appropriate. Any such appointment shall be made through the Secretary to the Committee, who shall be responsible for the contractual arrangements and payment of fees by the Company on behalf of the Committee.

3.0 Any resolution in writing, signed or assented to by all the members of the Committee shall be as valid and effectual as if it had been passed at a meeting of the Committee duly called and constituted. Any such resolution may consist of several documents in the like form each signed by one or more members of the Committee and shall be forwarded or otherwise delivered (including, without limitation, by facsimile transmission).

4.0 The Committee shall review the Committee's terms of reference and its relevancy once in 2 years or when the need arises and recommend any necessary changes for approval of the Board.

Notes

1. In the context of these terms of reference, "FWD Group" means FWD Limited and its subsidiaries.