

SUN LIFE MALAYSIA TAKAFUL BERHAD

[Registration No. 200501012215 (689263-M)]

CHARTER OF THE NOMINATION AND REMUNERATION COMMITTEE**1. Purpose**

The primary purpose of the Nomination and Remuneration Committee (NRC or Committee) are to:

- 1.1 Establish a documented, formal and transparent procedure for the appointment of Directors, Chief Executive Officer and Key Senior Officers, and to assess the effectiveness of Directors, the Board as a whole and the various committees of the Board, the Shariah Committee, the Chief Executive Officer and the Key Senior Officers. "Key Senior Officers" shall mean the Chief Executive Officer, any of the direct reports to the Chief Executive Officer, and any other identified senior management officers as well as material risk takers as defined in Bank Negara Malaysia's Policy Document on Corporate Governance; and
- 1.2 Provide a formal and transparent procedure for developing a remuneration policy for Directors, Chief Executive Officer and Key Senior Officers, and ensuring that their compensation is consistent with the Company's culture, objective and strategy.

2. Membership

The Board of Directors (Board) shall establish NRC comprising:

2.1 Members:

- have at least three directors;
- have a majority of independent directors;
- be chaired by an independent director; and
- comprise directors who have the skills, knowledge and experience relevant to the responsibilities of the board committee.

2.2 Chairman

The Committee must be chaired by an Independent Non-Executive Director. In order to avoid conflict of interest, a member of the Committee shall abstain from participating in discussions and decisions on matters directly involving him.

In case the Chairman of the Committee is on leave or unable to exercise his powers for any cause, the Chairman shall appoint a Director to act on his behalf. In the absence of such an appointment, the Directors shall elect from amongst themselves one person to act on the behalf of the Chairman.

3. Committee's Duties and Responsibilities**3.1 The responsibilities of the NRC with regards to the nominating role are as follows:-**

- 3.1.1 Establishing minimum requirements for the Board and the Chief Executive Officer to perform their responsibilities effectively. It 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 and Independent Directors and other core competencies required, through annual reviews.

The NRC shall also review the mix of skills of the members of the Board Committees through annual reviews.

SLMT-Charter of the Remuneration and Nomination Committee

- 3.1.2 Recommending and assessing the fitness and propriety of nominees for directorship, the Directors to fill the Board Committees, members of the Shariah Committee as well as nominees for the position of the Chief Executive Officer and the Company Secretary. This includes assessing the Directors, members of the Shariah Committee and the Chief Executive Officer proposal for re-appointment before an application for approval is submitted to Bank Negara Malaysia;
- 3.1.3 Establishing a 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 including members of the Shariah Committee and the performance of the Chief Executive Officer on an annual basis;
- 3.1.4 Recommending to the Board on the removal of a Director/Chief Executive Officer and Shariah Committee Member if he is ineffective, errant or negligent in discharging his responsibilities;
- 3.1.5 Ensuring that all Directors and Shariah Committee Members undergo appropriate induction programs and receive continuous training;
- 3.1.6 Overseeing the appointment, management succession planning and performance evaluation of Key Senior Officers and recommending to the Board the removal of Key Senior Officers if they are ineffective, errant and negligent in discharging their responsibilities;
- 3.1.7 To seek the services of such advisors or consultants as it deems necessary to fulfill its responsibilities; and
- 3.1.8 Review the list of Key Responsible Persons as defined in the Bank Negara Malaysia guidelines annually and make changes as appropriate.

The procedures for appointment and assessment must be approved by the full Board and disclosed to the shareholders of the Company. The NRC should not be delegated with decision making powers but should be obliged to report its recommendations to the full Board for decision.

3.2 The duties and responsibilities of the NRC with regards to the remuneration role are as follows:-

- 3.2.1 Recommending a framework of remuneration for Directors, Chief Executive Officer, Shariah Committee Members and Key Senior Officer. The remuneration policy should:-
 - a) be documented and approved by the full Board and any changes thereto should be subject to the endorsement of the full Board;
 - b) reflect the experience and level of responsibility borne by individual Directors, the Chief Executive Officer and Key Senior Officers;
 - c) be sufficient to attract and retain Directors, Chief Executive Officer and Key Senior Officers of caliber needed to manage the Company successfully;
 - d) be balanced against the need to ensure that the funds of the Company are not used to subsidise excessive remuneration packages and should not create incentives for irresponsible behavior for insider excesses.
 - e) be in line with all relevant laws and regulation pertaining to remuneration.
- 3.2.2 Recommending specific remuneration packages for Directors, Chief Executive Officer, Shariah Committee Members and Key Senior Officers. The remuneration packages should :-
 - a) be based on an objective consideration and approved by the full Board;
 - b) take due consideration of the assessments of the effectiveness and contribution of the Directors, Chief Executive Officer and Key Senior Officers concerned;
 - c) not to be decided by the exercise of sole discretion of any one individual or restricted group of individuals; and
 - d) be competitive and is consistent with the Company's culture, objective and strategy

- 3.2.3 The remuneration packages for the Chief Executive Officer 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 behavior and insider excesses.
- 3.2.4 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.
- 3.2.5 The framework for remuneration and specific packages must be approved by the full Board. The NRC should not be delegated with decision-making powers but should report its recommendation to the full Board for decision.

4. Structure and Operations

4.1 Frequency of Meetings

The full Committee should meet as and when required, at a minimum once a year to deliberate on matters relating to its responsibilities.

In the absence of a meeting, issues shall be resolved by way of circular resolutions. The circular resolutions may consist of several documents in the same form, each executed by one or more of the members of the Committee. Any such resolutions may be transmitted by the members of the Committee via facsimile transmission or email to the Secretary.

4.2 Quorum

4.2.1 The quorum for NRC Meetings shall be at least half/more than of the members to be present.

4.2.2 All decisions at meetings of the Committee shall be decided unanimously.

4.3 Secretary

The Company Secretary or a representative from the Company Secretarial Department shall act as the Secretary of the Committee.

4.4 Other

On an annual basis, the Committee will review the Charter and where necessary, recommend changes to the Board for approval. The Committee shall undertake and review with the Board on the annual performance evaluation of the Committee.

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