

## 1. Introduction

- 1.1. This is the Terms of Reference of the Board of Directors of Takaful Brunei Am Sdn. Bhd. (hereinafter "TBA").
- 1.2. This Terms of Reference sets out the role and responsibilities, composition and operation of the Board.

## 2. Role and Responsibilities

- 2.1. The Board is ultimately responsible for the sound and prudent management of TBA. As such, the role of the Board of the Company is to provide effective governance over TBA's affairs to ensure the confidence of the Takaful Tabarru' funds and investments is maintained and the interests of all stakeholder groups are protected including shareholders, customers, employees, brokers, agents and the local communities in which the Company operates.

## 3. Composition and Operation

- 3.1. The Board shall comprise no more than 7 and no less than 2 as the Constitution of the Company allows, a majority of whom must be independent, non-executive directors.

### 3.2 Chairman

The role of the Chairman is to lead and facilitate effective discussions at Board meetings and overseeing the process to evaluate the performance of the Board, its Committees and individual directors.

### 3.2 Company Secretary

The Company Secretary is accountable directly to the Board, through the Chairman, for all governance matters that relate to the Board's proper functioning. All directors have direct access to the Company Secretary.

## 4. Meetings

- 4.1. The Board shall meet as often as deemed necessary by the directors in order to fulfil their duties and responsibilities as directors and as dictated by the needs of the business.
- 4.2. A meeting of the Board can be convened by the Chairman, the Managing Director / CEO or a majority of the directors.
- 4.3. The non-executive directors of the Board will meet together without the presence of executive directors to discuss matters pertaining to the Company's executive management as dictated by the needs of the business.
- 4.4. A quorum shall consist of a majority of directors as allowed by the Company's constitution.

## 5. Conflict of Interest

- 5.1. To ensure the appropriate management of any actual, potential or perceived conflict of interest, the Board has adopted the following procedures:
  - (a) Directors have a continuing obligation to keep the Board advised of any interest that has arisen that could potentially conflict with those of TBA.

- (b) Where a director has an actual, potential or perceived conflict in a matter being considered by the Board, the director will:
- Declare that conflict of interest;
  - Not receive the relevant Board papers;
  - Not be present at the meeting when the matter is considered; and
  - Not participate in any decision on the matter,

5.2 Unless the Board Chairman (or if the relevant director is the Board Chairman, either the Audit and Risk Committee Chairman) determines otherwise. However, in the case of a material personal interest, the level of involvement of the relevant director will be determined by the Board (excluding the relevant director).

### 6. Confidentiality

6.1 All proceedings of the Board, including papers submitted and presentations made to the Board, shall be kept confidential and will not be disclosed or released to any person other than Board members, except as required by law or as agreed by the Board.

### 7. Access

7.1 The Board shall have full and free access to executives and other employees of TBA.

### 8. Professional Advice

8.1 The Board collectively and each director individually may take, at the Company's expense, such independent professional advice as is considered necessary to fulfil their relevant duties and responsibilities.

8.2 Individual Board members seeking such advice must obtain the approval of the Chairman (which may not be unreasonably withheld) and the advice will be made available to all Board members as appropriate.

### 9. Duties and Responsibilities

#### 9.1 Corporate Governance

- (a) Conduct the meetings of directors and the Board committees and the affairs of the Company having full regard for corporate governance practices;
- (b) Approve and oversee the process developed by executive management to implement and maintain a system of good corporate governance applicable to all employees of the Company, including directors, temporary workers and other independent contractors and consultants when engaged by or otherwise representing TBA and its interests.
- (c) Monitor management's implementation of, and compliance with, corporate governance practices including the environmental impact and compliance with sustainability policies and practices.

#### 9.2 Board of Directors

- (a) Propose, for approval by the shareholders, appropriate persons for election to the Board including directors retiring by rotation, noting that in the event there are two or more directors that have been in office for an equal amount of time, and an agreement cannot be reached between those directors on who will retire, the director or directors who will retire will be determined in any manner determined by the chairman and if the chairman is not able and/or willing to act, the deputy chairman (if any) or otherwise by the chairman of the Audit and Risk Committee.

- (b) Fill casual vacancies in Board positions.
- (c) Monitor the performance of the Board and Board committees collectively and directors individually.

### 9.3 Managing Director/Chief Executive Officer and Executives

- (a) Appoint and remove the MD/CEO and approve the appointment and removal of senior executives reporting directly to the MD/CEO (Company Executives), in doing so the Board will ensure collectively they have the full range of skills needed for the effective and prudent management of TBA.
- (b) Approve the remuneration arrangements of the MD/CEO and Company Executives, including measures of performance and performance targets, and manage succession plans for the MD/CEO.
- (c) Assess the performance of the MD/CEO and approve the MD's/CEO assessment of the performance of each Company Executive.
- (d) Monitor executive succession plans.

### 9.4 Corporate Strategy and Performance

- (a) Approve the strategic direction and related objectives for TBA.
- (b) Consider and approve TBA's annual budget including revenue, profit, capital expenditure and cash flows, as proposed by management, ensuring appropriate resources are available to achieve the business objectives.
- (c) Monitor executive management's performance in the implementation and achievement of the Company's business objectives and strategies.

### 9.5 Acquisitions and Divestitures

- (a) Review and as appropriate approve management proposals regarding acquisitions or divestitures of companies, businesses and functions, when such acquisition or divestiture would have a material effect on the assets, profit or operations of TBA.

### 9.6 Capital Management

- (a) Review and approve Company capital management policies and plans having regard for the various liquidity and capital adequacy regulatory requirements applying to the Company.

### 9.7 Culture

- (a) Monitor and influence TBA's Values to maintain a culture that supports the Company's ability to operate consistently within its risk appetite and deliver fair and balanced outcomes for its stakeholders.

### 9.8 Risk Management and Internal Control

- (a) Approve and oversee the process developed by management to ensure business risks are identified.
- (b) Approve systems of risk management, risk appetite, regulatory compliance and control and associated Company policies to manage those risks.
- (c) Review and approve systems of occupational health and safety.
- (d) Monitor management's implementation of, and compliance with, these systems and controls.

## 9.9 Financial Reporting

- (a) Approve (subject to shareholder endorsement) the appointment of the external auditor.
- (b) Review and approve TBA's annual financial statements and other prepared or published financial information.
- (c) Determine, declare and approve dividends to be paid to shareholders.

## 9.10 Approval Authorities

- (a) Determine and approve the level of authority to be delegated to the MD/CEO in respect of operating expenditures, capital expenditures, credit facilities, and risk-taking and approve the further delegation of those authorities to management by the MD/CEO.
- (b) Approve operating and capital expenditure, credit facilities and risk-taking authorities in excess of the limits delegated to management.

## 9.11 Board Committees

- (a) The various powers, duties and responsibilities of the Board set out herein may be delegated to one or more committees of the Board.
- (b) All Board committees will have a Terms of Reference approved by the Board setting out the composition, duties and responsibilities of that committee.
- (c) Minutes of the proceedings of all meetings of Board committees shall be maintained and copies of those minutes will be made available to all directors.

| <u>Document History</u> |            |                          |          |
|-------------------------|------------|--------------------------|----------|
| Version 1.0             | Approver:  | TBA - Board of Directors |          |
| Created date:           | 22.06.2017 | Effective date:          | dd.mm.yy |