



Perbadanan Insurans Deposit Malaysia
Protecting Your Insurance And Deposits In Malaysia

**CHARTER OF HUMAN CAPITAL AND REMUNERATION
COMMITTEE**



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Approved by the Board of Directors at the Board Meeting No.93 on 7 September 2023.

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1.0 MANDATE

Pursuant to Section 7 of the Malaysia Deposit Insurance Corporation Act, the Corporation may establish any committee as it considers necessary or expedient for the performance of its functions. The Board has deemed it necessary to establish a Human Capital and Remuneration Committee.

2.0 OBJECTIVE

The Human Capital and Remuneration Committee (Committee) of the Board of Directors (the Board) of the Malaysia Deposit Insurance Corporation (Corporation) is responsible to ensure that the Corporation has fair and equitable human resource policies that profile for the hiring and retention of people with the appropriate expertise and qualifications. In this regard, the principal objectives of the Committee are to assist with Board oversight of: human resources and compensation matters; overall employee succession plans; the review and approval of annual objectives for the Chief Executive Officer (CEO); to perform the annual evaluation of the CEO's performance against the annual objectives; and to carry out inquiries in respect of complaints concerning the CEO, the Senior Officers¹ and the Corporate Officers².

3.0 OPERATING PRINCIPLES

3.1 Functions and Composition

- (a) The Committee shall comprise at least three (3) members of the Board, as named by the Board.
- (b) Members of the Committee shall each be independent of Management.
- (c) The Committee shall carry out such functions as are assigned or delegated to it by the Board and any incidental activities consistent with this Charter as the Committee or the Board deems necessary or appropriate.

¹ "Senior Officers" means the Executive Vice Presidents or any individual holding that office or role for the time being, by whatever name called.

² "Corporate Officers" means any officer appointed by the Board in accordance with the Corporate By-Law.

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- 3.2 **Chair** – The Committee shall be chaired by one of its members, as named by the Board. In the absence of the Chairman of the Committee for any meeting or part of the meeting, the remaining members present shall elect one of the members present to chair the meeting.
- 3.3 **Quorum** – The presence of two (2) members constitutes a quorum for a meeting of the Committee.
- 3.4 **Voting** – A matter put to a vote at a meeting of the Committee shall be decided by a majority of the votes cast, and in the event of an equality of votes its Chair has a second vote.
- 3.5 **Procedure and Conduct** – Subject to this Charter and any resolution of the Board respecting a specific matter, the Chair shall determine the procedures and conduct of meetings of the Committee.
- 3.6 **Secretary and Minutes** – The Corporate Secretary shall be the secretary of the Committee. Copies of the minutes of the proceedings of the Committee shall be sent by the Corporate Secretary to all Members of the Board once they have been approved by the Committee.
- 3.7 **Frequency and Calling of Meetings** – The Committee will meet at the discretion of its Chair, but not less frequently than twice each year. The Chair shall call a meeting if asked to do so by the Chairman of the Board, and decide if a meeting is required if requested by another member of the Committee.
- 3.8 **Virtual Meetings** – The Chair may authorise a meeting to be held through the use of telephone conference, live video, television links or other appropriate communication or multimedia facilities set up for that purpose by the Corporation provided that, the facilities are such that all persons participating in the meeting can hear and communicate with each other. Participating in a meeting pursuant to this provision shall constitute presence (including for the purposes of quorum) at such meeting.

Notwithstanding that the meeting is conducted virtually, it must comply with all other requirements set out in this Charter relating to proceedings of meetings. All meetings shall be conducted in circumstances where the strictest confidentiality is observed.

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- 3.9 **Notice of Meetings** – The proper notice period for calling a meeting of the Committee shall be a minimum of 14 days or such shorter notice as agreed by the Committee.
- 3.10 **Meeting Agenda** – A written agenda for each meeting of the Committee will be distributed to the members of the Committee at least five (5) days in advance of the meeting date, together with any related materials, if available.
- 3.11 **Supplemental Attendees** – Any person who may possess information that would be useful to the Committee in carrying out its duties may be invited by the Chair to attend any meeting of the Committee.
- 3.12 **Term of Appointment/Rotation/Re-appointment of Members** – Members of the Committee should be changed on an appropriate, regular basis. Such change should be on a rotation basis in order to ensure that the entire Committee is not changed at any one time. The RC Chair shall provide advice to the Chairman of the Board on a Committee member’s performance where an extension of that member’s tenure or re-appointment is being considered.
- 3.13 **Reporting** – The Committee will, where appropriate, provide a written or verbal report of each meeting of the Committee at the next regular Board meeting or as may otherwise be required by the Board.
- 3.14 **Review of Charter** – The Committee shall review and assess the adequacy of this Charter biennially. Any proposed amendments to the Charter will be considered by the Governance Committee for recommendation to the Board.
- 3.15 **Self-assessment** – An evaluation of the Committee shall be conducted regularly, during which the Committee shall review its performance for the purpose, among other things, of assessing whether the Committee fulfilled the responsibilities and duties stated in this Charter.
- 3.16 **Disclosure** – The Committee shall ensure that this Charter and its composition are publicly disclosed.
- 3.17 **Independent Counsel or Other Advisors** – The Committee has the authority to engage outside advisors, including but not limited to counsel, independent consultants and/or other experts, as needed, to review any matter under its responsibility, in accordance with the relevant Board resolution or policy.

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4.0 PRINCIPAL DUTIES AND RESPONSIBILITIES

4.1 Policies and Strategies

- (a) The Committee shall review key human resource policies and strategies and propose such changes as seem desirable.
- (b) The Committee shall review the Corporation's compensation philosophy and its related policies, and make recommendations, if any, to the Board for approval.
- (c) The Committee shall ensure that the Corporation develops on an ongoing basis, adequate, appropriate and effective policies, strategies, controls, processes and procedures within the Corporation to maintain an organisational climate that fosters ethical employee business conduct and behaviour, employee commitment to the operations of the Corporation and a high degree of employee satisfaction and shall review policies and codes in respect of the same³ and make recommendations, if any, to the Board for approval.

4.2 Compliance and Reports – The Committee shall review reports with respect to:

- (a) compliance with legal requirements and major corporate policies pertaining to human resource matters on an annual basis; and
- (b) compliance with policies on employee business conduct and ethical behaviour on an annual basis or immediately where circumstances dictate. When required, the Committee shall request of Management that it provides a report to the Audit Committee in the event a breach occurs or a concern is raised that is of a nature that warrants such a report.

4.3 Matters Referred by CEO – The Committee shall review any matter concerning human resource and compensation matters that may be referred to it by the CEO.

³ Except for the Codes of Business Conduct and Ethics and Conflict of Interest Codes for Directors and Employees, which shall be reviewed by the Governance Committee in accordance with its charter.



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- 4.4 **Reports to Board** – The Committee shall report to the Board as it deems appropriate regarding human resource and compensation matters and Management performance in this area.
- 4.5 **Salary Increments, Bonus Policy, Bonus Range and Awards** – The Committee will review and make recommendations to the Board with regard to the annual bonus range and the individual employee bonus awards and salary increments as recommended by the CEO. The Committee shall also conduct a review of the Corporation’s policy on bonus awards, and make recommendations to the Board as required.
- 4.6 **CEO Objectives and Evaluation** - The Committee shall:
- (a) review the annual key performance indicators for the CEO and recommend the same to the Board for approval; and
 - (b) review the performance of the CEO against the key performance indicators, based on an evaluation by the Chairman of the Board. The Committee shall make recommendations, if any, to the Board with respect to the CEO's compensation and bonus.
- 4.7 **Complaints** - Save and except as expressly provided in any other Board Charter or policy, the Committee shall serve as the initial point of contact at the Board level for any complaints concerning the CEO, the Senior Officers or the Corporate Officers, that may reach the Board, on the understanding that the normal resolution mechanisms must be followed and complaints would only be brought forward when every other appeal process had been exhausted.

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