



Perbadanan Insurans Deposit Malaysia
Protecting Your Insurance And Deposits In Malaysia

CHARTER OF SUCCESSION PLANNING COMMITTEE



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Ref No	BOD/COSEC/2013/01	Version No	3.0
Initial Approved Date	20 August 2013	Last Reviewed Date	13 December 2023
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Approved by the Board of Directors at the Board Meeting No. 95 on 13 December 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 Succession Planning Committee.

2.0 OBJECTIVE

2.1 CEO succession planning is a key responsibility of the Board, including:

- (a) setting selection criteria;
- (b) evaluating candidates; and
- (c) making the final choice of a CEO for recommendation to the Minister of Finance.

2.2 The Succession Planning Committee (the Committee) of the Board is responsible for advising and making recommendations to the Board on Chief Executive Officer (“CEO”) Succession Planning. In particular, the Committee is:

- (a) to assist the Board with the matters set out in paragraph 2.1 above;
- (b) to assist the Board to identify a suitable candidate for the office of the CEO of PIDM to take office when the term of the incumbent CEO expires; and/or
- (c) to review the current short term plan for any unplanned vacancy in the position of the CEO.

2.3 The Committee will assist the Board by providing focus and due diligence on succession planning and the detailed practical work in relation to CEO succession planning.

3.0 CO-ORDINATION WITH OTHER BOARD COMMITTEES

3.1 To ensure that the respective Board Committees can continue to perform their functions, the Committee shall provide reports to the Board as a whole on the outcome of its work in such a manner that:

- (a) the Governance and Human Capital and Remuneration Committees will have sufficient information to perform their oversight roles in relation to succession planning including talent development; and

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(b) the Audit Committee will have sufficient information to perform its oversight role with respect to risk matters related to succession planning including talent development.

3.2 As and when required, the Committee will co-ordinate its work with that of the respective Board Committees by communicating key issues or proposed plans through the Chairmen of the respective Committees as needed or through meetings.

3.3 During the term of the Committee, the Governance Committee’s responsibilities under paragraph 4.4¹ of the Governance Committee Charter will be deemed to be fulfilled.

4. OPERATING PRINCIPLES

4.1 **Functions and Composition** – The Committee shall comprise at least three members of the Board, as named by the Board. Members of the Committee shall each be independent of Management. 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.

4.2 **Chairman** – The Committee shall be chaired by one of its members, as named by the Board, who is not the Chairman of 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.

4.3 **Quorum** – The presence of two members constitutes a quorum for a meeting of the Committee and at least one of the two members shall be the Chairman.

4.4 **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 the Chairman has a second vote.

4.5 **Procedure and Conduct** – Subject to any resolution of the Board in respect of a specific matter, the Chairman shall determine the procedure at and conduct of meetings of the Committee.

4.6 **Secretary and Minutes** – The Corporate Secretary shall be the secretary of the Committee.

4.7 **Frequency and Calling of Meetings** – The Committee will meet at the discretion of the Chairman of the Committee, but not less frequently than two times in a year. The

¹ Paragraph 4.4 of the Governance Committee Charter: “Succession Planning – The Committee shall review Management’s succession plans for the CEO, the Senior Officers and the Corporate Officers and make recommendations in respect of the same, to the Board for approval”. “Senior Officers” means the Executive Vice Presidents or any individual holding that office or role for the time being, by whatever name called and “Corporate Officers” is as defined in the Corporate By-Law.



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Chairman of the Committee shall decide if a meeting is required if requested to do so by another member of the Committee.

- 4.8 **Virtual Meetings** – The Chairman 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.

- 4.9 **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.
- 4.10 **Private Meetings** – The Committee may meet privately as a committee.
- 4.11 **Meeting Agenda** – A written agenda for each meeting of the Committee will be distributed to the members of the Committee at least five days in advance of the meeting date, together with any related materials, if available.
- 4.12 **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 Chairman to attend any meeting of the Committee. In addition, other individuals such as the other Directors, the CEO and the Head of the Human Capital Division may be invited to attend all or part of any meeting as and when appropriate and necessary.
- 4.13 **Term of Appointment/Rotation of Committee Members** – Unless otherwise decided by the Board, Members of the Committee will not be changed during the duration of its term.
- 4.14 **Reporting** – The Committee will, where appropriate, provide a written or a verbal report of each meeting of the Committee at the next regular Board meeting or as may otherwise be required by the Board.
- 4.15 **Meetings with other Board Committees** – The Committee may, as appropriate, request for meetings with other relevant Board Committees to clarify the co-ordination of work in this area or to discuss any issues or plans before bringing forward recommendations to the Board.



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- 4.16 **Review of Charter** – The Committee shall review and assess the adequacy of this charter as needed. Any proposed amendments to the charter will be considered by the Governance Committee for recommendation to the Board.
- 4.17 **Self-assessment** – An evaluation of the Committee shall be conducted at the end of its term, 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.
- 4.18 **Disclosure** – The Committee shall ensure that this Charter and the composition of the Committee are publicly disclosed.
- 4.19 **Access to information** - The Committee shall have direct access to, and complete and open communication with Management, and may obtain advice and assistance from internal human capital experts or other advisors.
- 4.20 **Independent Counsel or Other Advisors** – The Committee has the authority to engage outside advisors, including but not limited to counsel, and/or other experts, as needed, to review any matter under its responsibility, in accordance with the relevant Board policy.² For the purposes of carrying out its role and responsibilities under this Charter, the prior approval of the Board for the appointment of outside advisors shall be deemed to have been obtained.

5.0 PRINCIPAL DUTIES AND RESPONSIBILITIES

- 5.1 **Advice and Recommendations to Board** – In discharging its duties and responsibilities, the Committee relies on the expertise of Management including the Head of Human Capital Department.
- 5.2 **CEO Succession Plan.** In particular, the Committee shall make recommendations to the Board regarding the CEO succession plan and its work in relation to the following:
- (a) in collaboration with the incumbent CEO, develop a well-defined candidate profile and qualifications (including experience, competencies and personal characteristics) for the CEO successor, so that the leadership needs of the Corporation can be met. This should take into account the vision of the organisation, its long-term strategy, and any developments in the sector;

² Paragraph 2.2 of the Policy and Procedures for Engagement of Separate Independent Legal and Other Counsel provides that “Committees, other than the Audit Committee, or any individual Director shall obtain the prior approval of the Chairperson of the Board of Directors or the Board to engage independent counsel or other advisors to fulfil its or his or her responsibilities.”



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- (b) in collaboration with the incumbent CEO, identify and evaluate internal and/or external candidates against the candidate profile, including the state of readiness to assume a larger role;
- (c) agree with the incumbent CEO on development opportunities to be provided to identified candidates to overcome deficiencies in experience and/or education, as well as opportunities to increase exposure to the Board in business and social settings; and
- (d) identify and recommend to the Board a CEO replacement for appointment by the Minister of Finance.

5.3 Other Duties and Responsibilities of the Committee - The Committee shall during its term:

- (a) if an external candidate is selected and appointed as the CEO,³ recommend how to ensure that a Board Committee can assist the Board in monitoring and assessing the CEO's performance on an ongoing basis, how to determine the CEO's fit with the culture, future needs of the Corporation, as well as his or her understanding of the Corporation's business and affairs;
- (b) consider how the Board would communicate with the Minister of Finance to secure the approval for the appointment of any replacement for the incumbent CEO; and
- (c) make recommendations on the role of the outgoing CEO, for a transitional period⁴, if thought appropriate.

5.4 For avoidance of doubt, on the dissolution of the Committee, the Governance Committee will thereafter perform any function contemplated under the CEO succession plan.

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³ In our case the approval of the Minister of Finance is necessary.

⁴ This may include the period prior to and/or after the incumbent CEO's retirement.