



**Perbadanan Insurans Deposit Malaysia**  
**Protecting Your Insurance And Deposits In Malaysia**

**CHARTER OF GOVERNANCE COMMITTEE**



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<b>Ref No</b>	BOD/LEGAL/2005/02	<b>Version No</b>	11.0
<b>Initial Approved Date</b>	29 November 2005	<b>Last Reviewed Date</b>	30 September 2014
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Approved by the Board of Directors at the Board Meeting No. 43 on 30 September 2014



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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 considered it necessary to establish a Governance Committee.

## 2.0 OBJECTIVE

The Governance Committee (Committee) of the Board of Directors (the Board) of the Malaysia Deposit Insurance Corporation (Corporation) is responsible to direct the implementation of, and compliance with, sound corporate governance principles in the Corporation. In this regard, the principal objectives of the Committee are to assist with Board oversight of: maintaining effective corporate governance principles and practices; evaluating and assessing the functioning of the Board, Board Committees and Management; nominating individuals qualified to become Directors consistent with criteria approved by the Corporation; and succession planning.

## 3.0 OPERATING PRINCIPLES

### 3.1 Functions and Composition

- (a) The Committee shall comprise at least three 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.

3.2 **Chair** – The Committee shall be chaired by 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.



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- 3.3 **Quorum** – The presence of two 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 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 **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.
- 3.9 **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.
- 3.10 **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.
- 3.11 **Term of Appointment/Rotation/Re-appointment of Members** – Membership 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 membership of the Committee is not changed at any one time. The advice of the Chair on a Committee



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member's performance shall be considered where an extension of that member's tenure or re-appointment is being considered.

- 3.12 **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.
- 3.13 **Review of Charter** – The Committee shall review and assess the adequacy of this Charter biennially. If the Committee recommends any amendments, the Committee shall submit a revised Charter to the Board for its approval.
- 3.14 **Self-assessment** – An evaluation of the Committee shall be conducted regularly, in 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.
- 3.15 **Disclosure** – The Committee shall ensure that this Charter and its membership composition are publicly disclosed.
- 3.16 **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.
- 3.17 **Conflict of Interest** – In the event that the matter being considered is the re-appointment of the Chairman or the re-appointment of a non *ex-officio* Director of the Board who is a member of the Committee, the Chairman or the non *ex-officio* Director (as the case may be) shall not participate in the meeting whilst the Committee discusses, deliberates or decides on the matter. During such time, the Chairman or the non *ex-officio* Director (as the case may be) will absent himself or herself from the meeting.

#### 4.0 PRINCIPAL DUTIES AND RESPONSIBILITIES

##### 4.1 Corporate Governance Oversight

- (a) The Committee shall review periodically the Corporation's approach to governance issues and shall make recommendations to the Board respecting



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revisions to the Corporation's governance policies, including codes of business conduct and conflict of interest for Directors and employees. The Committee shall make recommendations to the Board on policies with regard to director tenure retirement and succession.

- (b) The Committee shall ensure the ongoing administration of the policies and procedures that enable a Board Committee or member of the Board to engage separate independent counsel or other advisors in appropriate circumstances and at the Corporation's expense.
- (c) On a periodic basis, the Committee shall review the Corporation's mandate as set out in the Malaysia Deposit Insurance Corporation Act and make any recommendation it sees fit to the Board.
- (d) The Committee shall keep up to date on corporate governance developments so as to ensure the Corporation's governance practices are in line with best practices.
- (e) The Committee shall undertake such other governance initiatives as may be necessary or desirable to ensure that the appropriate processes, structures and information necessary for effective direction and oversight are in place to contribute to the sound governance and management of the Corporation.

#### 4.2 Evaluation of Board Operations and Board Committees

- (a) In consultation with the Chief Executive Officer (CEO), the Committee shall assess the needs of the Board in terms of the frequency and location of Board and committee meetings, meeting agendas, documents and information, and the conduct of meetings, and make recommendations to the Board as required.
- (b) The Committee shall periodically review, for Board approval, the mandates and responsibilities of the Board, the Chairman of the Board, the CEO, a member of the Board and the Board Committees.
- (c) The Committee shall annually implement, and regularly review, the process to assist the Board in determining whether the Board is satisfied with the manner, frequency and timeliness with which significant issues are brought to its attention, as well as the appropriateness of that information.



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- (d) The Committee shall annually implement, and regularly review, the method for regularly evaluating and assessing the effectiveness of the Board and of individual members of the Board and Board Committees and recommend any appropriate action plans to address any significant findings.
- (e) The Committee shall, after the affected Committees have conducted their review of their respective Charters, review each of the Board Committee Charters together and recommend proposed amendments (if any) to the Board Committee Charters to the Board.
- (f) The Committee shall review and recommend to the Board the types and structures of Board Committees to be created by the Board.

#### 4.3 Board Nominations

- (a) The Committee shall periodically review both a Board profile and a Board member profile of qualifications and skills and characteristics for individual directors, taking into consideration the current strengths, skills and experience on the Board, terms, retirement dates and the strategic direction of the Corporation.
- (b) The Committee shall identify a list of potential Board nominees who possess the skills, experience, knowledge and characteristics which fit the profiles and update such list on a regular basis.
- (c) When a vacancy or vacancies on the Board occurs or are anticipated, the Committee shall prepare and recommend to the Board a list of potential nominees.
- (d) Develop and implement a strategy to communicate the profiles and potential candidate or candidates to the Minister.
- (e) The Committee shall review periodically the compensation program of members of the Board and make recommendations to the Board.
- (f) The Committee shall make recommendations regarding the orientation programme, training and ongoing development of members of the Board.



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- 4.4 **Succession Planning** – The Committee shall review Management’s succession plans for the corporate officers and make recommendations in respect of the same, to the Board for approval.
- 4.5 **Leadership Needs** – The Committee shall keep under review the leadership needs of the Corporation, both executive and non-executive, with a view to ensure the continued ability of the Corporation to efficiently and effectively meet its mandate.
- 4.6 **Reporting and Disclosure** – Recommend to the Board the content of such governance reports as may be required or considered advisable for public disclosure.
- 4.7 **Stakeholder Awareness and Engagement** – The Committee shall:
- (a) review and recommend for Board approval, any amendments to the Corporation’s Communications Policy;
  - (b) review and recommend for Board approval, the Corporation’s long-term public awareness strategies and receive the public awareness plan of activities for the next fiscal year; and
  - (c) regularly receive and review the results of such plan.

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