



# BOARD CHARTER

TABLE OF CONTENTS

**Contents**

Main Definitions ..... 2

Introduction..... 3

1. Governance Structure ..... 4

2. Board Structure ..... 5

2.1 Board of Directors Composition ..... 5

2.2 Board Committees ..... 6

3. Director Appointment and Remuneration Procedures ..... 7

4 Annual Board Effectiveness Evaluation ..... 8

5 Conflict of Interest, Code of Ethics and Anti-Bribery Policy ..... 8

6. Whistleblowing Policy ..... 9

7. Application and Charter Review ..... 9

## Main Definitions

“Conflict of Interest” means situation where the Director:

- (a) is a party to a major contract or proposed major contract with the insurer.
- (b) is an officer or a substantial shareholder of any entity that is a party to a major contract or proposed major contract with the insurer; or
- (c) has a material interest in any person who is a party to a major contract or proposed major contract with the insurer.

“Executive director” is a member of the Board who is an employee of the Company.

“Independent Non-Executive Director” is someone who has no relationship with or interest in the insurer or its group of companies, which could or could be reasonably perceived to, materially affect the exercise of his judgment in the best interest of the insurer.

An independent director is a Board member who:

- (i) has not been an employee of the Company or group within the past three years.
- (ii) has not, or has not had within the past three years; a material business relationship with the Company either directly or as a partner, shareholder, director or senior employee of a body that has such a relationship with the Company.
- (iii) has not received or receive additional remuneration from the Company apart from a director’s fee or as a member of the organisation’s pension scheme.
- (iv) is not a nominated director representing a significant shareholder.
- (v) does not have close family ties with any of the organisation’s advisers, directors or senior employees.
- (vi) does not have cross-directorships nor significant links with other directors through involvement in other companies or bodies; and
- (vii) has not served on the Board for more than nine years from the date of his first election.

“Non-executive director” is a member of the Board who is not an executive director and who is not associated with the day-to-day activities of the organisation.

## Introduction

Quantum Insurance Ltd (hereinafter referred to as the “Company”) has a constitution dated 20<sup>th</sup> November 2015 which ensures that the Company is in compliance with the Companies Act 2001.

The present document is complementary to the Constitution as it sets out the roles and responsibilities of the board members, chair, and other key roles to ensure clarity and alignment with the Insurance Act 2007 and its relevant regulations, rules, codes and guidelines.

The Board Charter is not redundant despite that the Company already has a Constitution.

The Constitution is axed towards the Shareholders wishes when they set up the Company; whereas the Board Charter is a pivotal document in the National Code of Corporate Governance 2016, guiding how a company’s board of directors should operate and managed.

It is essential for the Company aiming to establish transparent, effective, and accountable governance practices.

This Board Charter shall constitute, and form, an integral part of each Director’s duties and responsibilities.

## **1. Governance Structure**

The Board of Directors is leading and controlling organism of the Company; meeting all legal and regulatory requirements.

The Company is a public interest entity as defined by law.

Responsibilities and accountabilities within the Company are clearly identified.

Applying the principles of good governance, the Board shall:

1.1. Be ultimately accountable and responsible for the performance and affairs of the Company.

1.2. Oversee risk management, governance and internal controls.

The Board shall oversee the effective design and implementation of the Company's governance and reporting framework, internal controls, compliance and risk management systems.

The Board shall periodically review whether these remain appropriate in light of material changes to the nature, scale and complexity of the business and structure of the Company.

1.4 Ensure that its members are responsible to the Company for achieving a high level of good governance, long-term success, and reputation.

1.3. The Board shall set and oversee the implementation of business and risk objectives and strategies including the Business Risk Assessment, annual budget and business plan and in doing so shall have regard to the long-term viability of the Company and reasonable standards of fair dealing.

1.4. Promote a strong culture of professionalism and ethics.

The Board shall promote, together with Senior Management, a sound corporate culture that reinforces ethical, prudent and professional behaviour. This includes ensuring that the Company adopts a code of ethics and conduct that set out standards of behaviour and conduct that must be followed by all employees of the Company.

2.1 Oversee appointment, performance, remuneration and succession planning of the Board, CEO, Senior Management and the Company Secretary

The Board shall be responsible for appointing, evaluating, remunerating and planning for the succession of Directors, CEO, Senior Management and the Company Secretary.

2.2 Oversee recovery and business continuity plans

The Board shall oversee and approve recovery and business continuity plans for the Company to restore its financial strength and maintain or preserve critical operations and critical services when it comes under stress.

2.3 Oversee communications with stakeholders.

The Board shall ensure the development and implementation of a communications policy for the Company that enables effective communication with shareholders, regulators and other stakeholders.

### 2.4 Promote sustainability in the Company's business strategies.

The Board shall promote sustainability through appropriate environmental, social and governance considerations in the Company's business strategies.

## 2. Board Structure

### 2.1 Board of Directors Composition

#### 2.1.1 Directors

The Constitution of the Company specifies that the number of Directors shall not be less than 7 (seven). The Board has power under the Constitution of the Company to appoint a director to fill a casual vacancy or as an additional Director.

Boards should ensure that its members be able to commit sufficient time to carrying out their duties and responsibilities effectively. Attendance and contribution at the level of the Board discussions are of the utmost importance.

The Board is unitary Board typically that shall consist of:

- not less than 7 natural persons; and
- 2 Non-Executive Independent Directors or 30 per cent shall be non-executive independent directors at the least; and
- Two executive directors are important for a strong management presence and to cater for on-call periods and business continuity.

The Chairman must be a non-executive independent member of the Board.

The Board members should have wide ranging experience, skill and knowledge that add value to the Company. The Board shall consider recommendations by the Nomination Committee pertaining to nominees for directorship in the Company.

Only Board members should attend Board meetings, but the Board can invite any other person to attend the meetings.

#### 2.1.1 Company Secretary

The Board appoints the Company Secretary who reports directly to the Board and is the source of guidance and advice to the Directors on areas of corporate governance, relevant legislations, regulations and policies.

The Company Secretary convenes and attends Board and Board Committees meetings and is responsible for the accuracy and adequacy of records of the proceedings of Board and Board Committees meetings.

The Chairman, in consultation with the CEO and the Company Secretary, sets the agenda for Board meetings and ensures that all relevant issues are on the agenda.

The agenda and meeting papers for each meeting shall be circulated at least 7 (seven) calendar days before each meeting to the Directors.

## **2.2 Board Committees**

Committees are a mechanism for assisting the Board and its directors in discharging their duties through a more comprehensive evaluation of specific issues, followed by well-considered recommendations to the Board.

Delegating authority to Board committees or management does not in any way absolve the Board of its duties and responsibilities.

Board committees should be transparent to the Board and practice full disclosure but avoid wasting the Board's time by repeating committee deliberations.

The Company shall have, at all times,:

- (a) a corporate governance committee.
- (b) the audit committee and
- (c) a risks management committee.

The Audit Committee shall cumulate the function of Risk Management Committee.

The Corporate Governance Committee shall cumulate the function of Nomination committee and that of Remuneration Committee.

### **2.2.1 Audit and Risk Management Committee (ARC)**

The ARC shall, at all times, have a Charter which is adopted by the ARC members and approved by the Board.

#### *a) Composition*

Members of the committee shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Chairperson of the ARC.

The ARC shall consist of:

- i. A Chairperson:

The Chairperson of the Audit Committee should be an independent director.

He/she shall not be the Chairperson of the Board of Directors.

- ii. Membership

- The Chairperson of the Board, the CEO, the CFO and any Executive director shall not be eligible to be appointed as Chairperson or member of the committee.
- at least two shall be independent non-executive directors.
- at least one member of the ARC has recent and relevant financial experience ideally with a professional qualification from one of the professional accountancy bodies.

The committee Chairperson shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and shall also formally report to the Board on how it has discharged its responsibilities.

### **2.2.2 Corporate Governance, Nomination and Remuneration Committee**

The CG Committee shall, at all times, have a Charter approved by the Board.

New Members of the committee shall be appointed by the Board, on the recommendation of the Nomination Committee and in consultation with the Chairperson of the CGC.

#### *a) Composition*

The CGC shall be comprised of a majority of independent non-executive directors.

## **3. Director Appointment and Remuneration Procedures**

Board Members shall be appointed in line with the Constitution of the Company.

The Board shall delegate their duties to the CGC.

### **3.1 Director Selection and Appointment**

The Director selection process shall be conducted by the Nomination Committee for recommendation to the Board of Directors. The Charter of Nomination Committee shall receive a mandate of the Board for the selection process of an ideal candidate based on the requirements of the position and the skills and expertise required.

### **3.2 Induction and Orientation**

Newly appointed Board members shall attend the Company's Induction Programme which includes mandatory core programmes required pursuant to laws, regulations pertaining to the Company, and internal controls by relevant Management personnel.

The Company shall ensure that new Board members are fully briefed on the terms of their appointment, duties, and responsibilities, as well as on the nature, operations, and current issues of the Company.

### **3.3 Director Development**

The Board shall review and agree with each Director on their training and development needs on an annual basis, taking into consideration the Company's strategy for the next several years and the current combined skills on the Board.

### **3.4 Succession Planning**

The Board assumes the responsibilities for succession planning of the Executive Members.

The Mandate shall be given to the CGC.

### **3.5 Remuneration**

The Remuneration Policy of the Company shall be delegated to the CGC acting as Remuneration Committee.



The Board shall ensure that the Company include a statement of their remuneration policy in their Audited Financial Statement.

## **4 Annual Board Effectiveness Evaluation**

The Board shall review the effectiveness of the Board and Board Committees as well as the performance of individual Directors annually.

All such assessments shall be properly documented.

The CGC acting as Nomination Committee is entrusted with the responsibility for carrying out the annual evaluation review.

The evaluation results shall form the basis of CGC recommendation to the Board for the re-election and/or re-appointment and removal of Directors and Board Committee members as well as for further training of the Board and Board Committees.

The Board should report in the audited Financial Statement on how the performance evaluation of the Board, its committees and its individual directors has been conducted.

## **5 Conflict of Interest, Code of Ethics and Anti-Bribery Policy**

### **5.1 Conflict of Interest**

The Board shall ensure that all conflicts-of-interest and related-party transactions have been conducted in accordance with the conflicts-of-interest and related-party transactions policy.

Directors must make prompt, full and fair disclosure of all matters that could reasonably be expected or perceived to impair their independence and objectivity or interfere with respective fiduciary and / or Board of Directors duties to the Company and any of the Stakeholders, including Policyholders.

Directors must ensure that such disclosures are prominent, are delivered in plain language, and communicate the relevant information effectively and same must be documented in the Interest Register by the Company Secretary.

An Interested Director shall abstain from voting.

The Declaration of Interest Form is in the [Annex](#).

### **5.2 Code of Ethics**

The Code of Ethics binds the Directors and Employees of the Company.

The Board has the responsibility to enforce the provisions of the Code of Ethics in the event of any breach of same.

The CGC shall be delegated to deal with any breaches by either a Director or an Employee.

The CGC shall report to the Board with recommendations. The Final decision shall be that of the Board.

### **5.3 Anti-Bribery Policy**

The Anti-Bribery Policy binds the Directors and Employees of the Company.

The Board has the responsibility to enforce the provisions of the Anti-Bribery Policy in the event of any breach of same.

The CGC shall be delegated to deal with any breaches by either a Director or an Employee.

The CGC shall report to the Board with recommendations. The Final decision shall be that of the Board.

## **6. Whistleblowing Policy**

The Board shall establish a Whistleblowing Policy, outlining the Company's commitment to protecting the integrity of the Company and display its seriousness in promoting a culture of honesty, openness, transparency, ethical behaviour and good governance.

The monitoring and actions taken under the Whistleblowing Policy shall be delegated to the CGC.

The final decision on the Enforcement Action resulting from any breach by key Senior Officers or Directors of the Company shall be that of the Board.

## **7. Confidentiality of Information**

All the information received by the Director shall be confidential. The duty of confidentiality shall survive the resignation and/or removal and/or cessation of office.

The Board shall ensure the safeguards must be in place to preserve the confidentiality of deliberations.

## **8. Application and Charter Review**

The principles set out in this Charter shall be:

- i. kept under review and updated as practices on Corporate Governance develop and further guidelines on Corporate Governance are issued by the relevant regulatory authorities.
- ii. applied in practice having regard to their spirit and general principles rather than to the latter alone.

The Board endeavours to comply at all times with the principles and practices set out in this Charter.

Approved by the Board.