

# Terms of Reference of the Nomination and Remuneration Committee of the Board

**TERMS OF REFERENCE OF THE  
NOMINATION AND REMUNERATION COMMITTEE OF THE BOARD (“THE NRC”)**

<b>Members</b>	:	Datuk R. Karunakaran - Chairman (Senior Independent Non-Executive)  Bapak Edwin Gerungan (Independent Non-Executive)  Mr Cheng Kee Check (Non-Independent Non-Executive)  Puan Fauziah Hisham (Independent Non-Executive)  Dato’ Zulkiflee Abbas Abdul Hamid (Independent Non-Executive)  Dr Hasnita Dato’ Hashim (Independent Non-Executive)
<b>Secretary</b>	:	Wan Marzimin Wan Muhammad Group General Counsel & Company Secretary
<b>By Invitation</b>	:	Group President & CEO (“Group President”)
<b>Size and Composition</b>	:	Group Chief Human Capital Officer (in respect of relevant papers)  The minimum number of members is three (3). The Committee shall have an independent director as the Chairman and shall comprise of only non-executive directors, of which the majority shall be independent.  Where the Chairman is unable to attend a meeting, the members shall elect a person from among the independent directors, as the Chairman.  The Committee may invite the Group President or any person to be in attendance to assist in its deliberation.
<b>Quorum</b>	:	3 with at least 2 independent directors
<b>Frequency of Meeting</b>	:	Twice every quarter i.e. 8 meetings per year with additional meeting convened to attend to urgent matters that require NRC’s deliberation.
<b>Broad Responsibilities</b>	:	<b>Section A - Nomination and Remuneration</b>  (i) To provide a formal and transparent procedure for the appointment of directors and CEO as well as assessment of effectiveness of individual directors, the Board as a whole and the performance of the CEO and Senior Officers of Maybank.  (ii) To provide a formal and transparent procedure for developing a remuneration policy for directors, CEO and Senior Officers of Maybank and ensuring that compensation is competitive and consistent with the licensed institution’s culture, objectives and strategy.

## **Section B - Employees' Share Grant Plan**

To administer the Employees' Share Grant Plan ("ESGP") in accordance to the By-Laws of the ESGP.

### **Section A**

In this section, the roles and responsibilities of the NRC in respect assessing the effectiveness of individual directors, the Board as a whole and the performance of the CEO and Senior Officers of Maybank as well as developing a remuneration policy for directors, CEO and Senior Officers of Maybank are set out below.

#### **A. Group Human Capital Policies and Strategies**

- A1. To recommend to the Maybank Board, revisions or reviews of the existing compensation and benefits policies/plans and the terms and conditions of service for executives in Band B and above (excluding Executive Directors) Group-wide.
- A2. To recommend to the Maybank Board, the establishment of new compensation and benefits policies/plans and the terms and conditions of service for executives in Band B and above (including Executive Directors) Group-wide.
- A3. To recommend to the Maybank Board, a Leadership Development framework for Group EXCO members (and executives at GPCEO-1 level).
- A4. To recommend to the Maybank Board the organisational structure and commensurate with job grades and ranges framework for Group EXCO members (and executives at GPCEO-1 level).

#### **B. Appointments of Directors (including the relevant remuneration)**

- B1. To oversee the general composition of the Boards of Maybank and its Group of Companies (size, skill and balance between Executive Directors and Non Executive Directors) and to recommend to the Maybank Board the appropriate policy relating thereto.
- B2. To recommend to the Maybank Board, suitable persons for appointment as members of the Board and Board Committees of Maybank taking into account the size of the Board and Board Committees, and the skills and experiences of members.
- B3.
  - (i) To recommend to the Boards of Maybank and its group of companies, the appointment of suitable persons (who are not the executives of Maybank Group) as Non Executive Directors, except for the nominations or appointments of suitable persons, as Independent Non Executive Directors of international subsidiaries, associates and joint venture companies, from amongst the residents of the respective countries who are not the members of the Maybank Board or executives of Maybank Group, which have established their own NRC (or any equivalent nominating committee).
  - (ii) To recommend to the Boards of the respective companies, the appointments of the executives of Maybank Group ("Maybank Executives") as directors of the following companies:-
    - (a) Subsidiaries regulated by Bank Negara Malaysia ("BNM") or its equivalent in foreign jurisdictions ("FI Regulated Companies");
    - (b) Subsidiaries regulated by Securities Commission Malaysia or its equivalent in foreign jurisdictions ("Securities Regulated Companies");
    - (c) MCB Bank Ltd and An Binh Commercial Joint Stock Bank; and
    - (d) Any other companies within Maybank Group which contribute 5% or more to the after tax profit of Maybank Group.

All of the companies above are referred to as "the Identified Entities". (Reference to "Identified Entities" under Section F and G of the TOR excludes MCB Bank Ltd and An Binh Commercial Joint Stock Bank).

- B4. To recommend to the Maybank Board, a framework of remuneration for Non Executive Directors, covering fees, allowances and benefits-in-kind in their work as Non Executive Directors of all Boards and Board Committees of Maybank and its group of companies.

- B5. To recommend to the Maybank Board, specific remuneration packages for executive directors of Maybank.
- B6. To consider establishing minimum requirements for the Board and Board Committees of Maybank and its group of companies (i.e. on the required mix of skills, experience, qualification and other core competencies required of a director) and to recommend to the Maybank Board appropriate policy relating thereto.
- B7. To recommend to the Boards of subsidiaries on the remuneration for Non Executive Directors.
- B8. To recommend to the Boards of subsidiaries on the establishment of their respective Board Committees and any other matters related thereto including establishment of their remuneration package.
- B9. To recommend to the Maybank Board a policy regarding the period of service for the Executive and Non-Executive Directors of Maybank Group.

#### **C. Appointment of Shariah Committee members (including the relevant remuneration)**

- C1. To oversee the general composition and minimum requirements of the Shariah Committee (i.e. on the size and skills/competencies) of the relevant Malaysian FI Regulated Companies and Malaysian Securities Regulated Companies.
- C2. To recommend to the Boards of the relevant Malaysian FI Regulated Companies and Malaysian Securities Regulated Companies, the appointment and termination of Shariah Committee members of such companies and their specified remuneration package.
- C3. To recommend to the Boards of the relevant Malaysian FI Regulated Companies and Malaysian Securities Regulated Companies, policy regarding the tenure of service of the Shariah Committee members.

#### **D. Performance / Fit and Proper Assessment of Directors**

- D1. To assess the performance and effectiveness of individuals and collective members of the Boards and Board Committees of the Group and its subsidiaries, as well as the procedure for the assessment and to make the necessary recommendation to the Boards of the respective companies.
- D2. To assess the fitness and propriety of directors of Maybank and of Malaysian FI Regulated Companies as well as the company secretary of Maybank in accordance with the Maybank Fit and Proper Policy to ensure that they are not disqualified and comply with the fit and proper requirements as may be specified under the Financial Services Act 2013/Islamic Financial Services Act 2013 and to make the necessary recommendation to the Boards of the respective companies.
- D3. To recommend the termination or removal of director from the Maybank Board or the Boards of Maybank Group of Companies if the director concerned is ineffective, errant and negligent in discharging his duties. For Malaysian FI Regulated Companies, to recommend for termination or removal if a director becomes disqualified and no longer complies with any of the fit and proper requirements as may be specified by BNM under the Financial Services Act 2013/Islamic Financial Services Act 2013.
- D4. To recommend the termination or removal of company secretary of Maybank and of Malaysian FI Regulated Companies if such company secretary becomes disqualified and no longer complies with any of the fit and proper requirements as may be specified by BNM under the Financial Services Act 2013/Islamic Financial Services Act 2013.
- D5. To consider and recommend to the Boards of the Group and its subsidiaries any other measures to upgrade the effectiveness of the Maybank Board and the Boards of its subsidiaries.
- D6. To ensure that all directors of Maybank and Maybank Group of Companies receive appropriate and continuous training to keep abreast of the latest development in the industry.

#### **E. Performance/Fit and Proper Assessment of Shariah Committee members**

- E1. To assess the performance and effectiveness of individual and collective membership of the Shariah Committee, as well as the procedure for the assessment and make the necessary recommendation to the Boards of the relevant Malaysian FI Regulated Companies and Malaysian Securities Regulated Companies.
- E2. To assess the fitness and propriety of the Shariah Committee members in accordance with the Maybank Fit and Proper Policy to ensure that they are not disqualified under the Islamic Financial Services Act 2013 and the Shariah Governance Framework for Islamic Financial Institutions and make the necessary recommendation to the Boards of the relevant Malaysian FI Regulated Companies and Malaysian Securities Regulated Companies.
- E3. To recommend the removal of Shariah Committee members from the Shariah Committee of the relevant Malaysian FI Regulated Companies and Malaysian Securities Regulated Companies if the Shariah Committee member concerned is ineffective, errant and negligent in discharging his duties or no longer complies with any of the fit and proper requirements as may be specified by BNM under the Islamic Financial Services Act 2013 and the Shariah Governance Framework for Islamic Financial Institutions.
- E4. To consider and recommend to the Boards of the relevant Malaysian FI Regulated Companies and Malaysian Securities Regulated Companies any other measures to upgrade the effectiveness of the Shariah Committee.
- E5. To ensure that all Shariah Committee members of the relevant Malaysian FI Regulated Companies and Malaysian Securities Regulated Companies receive appropriate and continuous training to keep abreast of the latest development in the industry.

#### **F. Appointments of Senior Officers (including the relevant remuneration)**

- F1. To consider establishing minimum requirements for the Group President, the Chief Executive Officers (“CEOs”) of the Identified Entities (excluding MCB Bank Ltd and An Binh Commercial Joint Stock Bank) (i.e. on the required mix of skills, experience, qualification and other core competencies required of a senior officer position).
- F2. To recommend to the boards of the Identified Entities (excluding MCB Bank Ltd and An Binh Commercial Joint Stock Bank), the appointment of CEOs for such entities irrespective of job band.
- F3. To recommend to the Maybank Board the recruitment, appointment, promotion, confirmation and termination of service, as well as the remuneration package, the compensation and benefits policies, the terms and conditions, including the job grade and the review thereof of Senior Officers\* and the Group General Counsel & Company Secretary of Maybank.

#### **G. Performance/ Fit and Proper Assessment of Senior Officers**

- G1. To review and evaluate the performance of the Group President and to make the necessary recommendations to the Maybank Board on his total rewards and terms and conditions of service.
- G2. To oversee the review and performance evaluation of Senior Officers of Maybank and Group General Counsel & Company Secretary and make the necessary recommendations to the Maybank Board on the appropriate rewards and revisions of their terms and conditions of services.
- G3. To assess the fitness and propriety of Senior Officers of Maybank in accordance with the Maybank Fit and Proper Policy to ensure that they are not disqualified and comply with the fit and proper requirements as may be specified under the Financial Services Act 2013 and make the necessary recommendation to the Maybank Board.
- G4. To recommend the termination or removal of Senior Officers of Maybank if they are ineffective, errant and negligent in discharging their duties or they become disqualified and no longer comply with any of the fit and proper requirements as may be specified by BNM under the Financial Services Act 2013.

#### **H. Remuneration**

- H1. To recommend to the Maybank Board annually, the remuneration for each Director, Senior Officers of Maybank and Other Material Risk Takers\*\*\*.

### **I. Group Balanced Scorecard**

11. To recommend to the Maybank Board, a Performance Management Framework/Model including the setting of the appropriate performance target parameters and benchmark for the Group Balanced Scorecard at the start of each financial year.

### **J. Succession Planning and Talent Management**

- J1. To oversee the succession planning and talent management of Senior Officers of the Group and executives in Job Band C and above.

### **K. Others**

- K1. To approve the appointment of external consultants/advisors related to the NRC's areas of responsibilities, subject to a limit of RM5 million per appointment (irrespective budgeted or unbudgeted).
- K2. To consider and recommend solutions on issues of conflict of interest affecting directors.
- K3. To recommend to the Maybank Board annual review on total rewards for Maybank executives and its group of companies.
- K4. To recommend to the Maybank Board appropriate policy or framework relating to tiering, categorization and classification of Maybank Group of Companies based on certain criteria as the NRC deems fit.
- K5. Such other responsibilities as may be delegated by the Board of Maybank from time to time.

## **Section B**

In this section, the roles and responsibilities of the NRC in respect administering the ESGP are set out below.

- I. To administer the ESGP in the NRC's absolute discretion, with due regard to its powers and authority as set out in this terms of reference and the By-Laws.
- II. To recommend for the approval of the Maybank Board, the financial and performance targets/criteria prior to implementation of the ESGP, and to include other conditions relevant thereto, as it deems fit.
- III. To determine the ESGP Grant Date/ESGP Vesting Date.
- IV. To set, review and approve the ESGP Vesting Price, based on the value of the ESGP Shares with no entitlement to any discount, taking into account, among others, the VWAMP of Maybank Shares for the five (5) market days immediately preceding the ESGP Vesting Date, for every vesting to be made to the Eligible Employees.
- V. To approve the allocation of shares to Eligible Employees, for each grant to be made throughout the duration of the ESGP in line with the plan design approved by the Maybank Board.
- VI. To construe and interpret the provisions of the ESGP By-Laws and the ESGP Shares granted under it as the NRC deems fit.
- VII. To define the terms of the ESGP By-Laws and to recommend to the Maybank Board to establish, amend and/or revoke rules and regulations relating to the ESGP in a manner and to the extent it is deemed necessary or expedient to promote the best interests of Maybank Group.
- VIII. To determine all questions of policy and expediency, that may arise in the administration of the ESGP and generally exercise such powers and perform such acts as are deemed necessary or expedient to promote the best interests of Maybank Group.
- IX. To recommend a review of the ESGP (including extending the scheme or terminating the scheme) to the Maybank Board as and when deemed necessary, to ensure that the ESGP remain competitive and viable to Maybank Group.
- X. To determine, review and approve the processes, procedures and guidelines pertaining to the administration of the ESGP.

## Explanatory Notes for Section A

### Explanatory Note (1)

In alignment with the terms of reference of the Nomination and Remuneration Committee of Maybank Ageas Holding Berhad (“MAHB”) (“MAHB NRC”), the NRC will continue to evaluate and if deemed fit, provide its clearance to all candidates proposed to fill the following positions in MAHB, Etiqa General Insurance Berhad, Etiqa Life Insurance Berhad, Etiqa Family Takaful Berhad, Etiqa General Takaful Berhad and Etiqa Insurance Pte Ltd (hereinafter collectively referred to as the “Etiqa Companies”):-

- (a) Board and Board Committee members;
- (b) Shariah Committee members;
- (c) Senior Officers (including CEOs); and
- (d) Company Secretaries.

Furthermore, any recommendations made by the NRC (pursuant to this terms of reference), on the implementation of any framework, policy or guidelines pertaining to the nomination of potential candidates (including the evaluation on their fitness and propriety) to fill the positions as mentioned above as well as their remuneration, which is meant for Group-wide implementation, will apply to the Etiqa Companies to the same extent that it applies to any other relevant entities referred to in this terms of reference.

### Explanatory Note (2) For B3:-

The nominations of Maybank Executives as directors and CEOs (or its equivalent positions) on the Boards of companies which are not specified as the Identified Entities are delegated to the Group President whereby such nominations shall be reported back to the NRC at the next convened NRC meeting. This would also include the following companies:-

- (a) Associate companies (other than MCB Bank Ltd and An Binh Commercial Joint Stock Bank Bank);
- (b) All companies within the Maybank Kim Eng Group, save for Maybank Kim Eng Securities Pte Ltd and Maybank Kim Eng Securities (Thailand) Plc (both deemed as Securities Regulated Companies)
- (c) Inactive, dormant, nominee and Special Purpose Vehicle companies;
- (d) Incorporated funds and foundations;
- (e) Companies for which appointment of Board members is to represent the interest of joint venture partners or minority shareholders in subsidiaries not regulated by BNM (pursuant to applicable shareholders’ agreement); and
- (f) Investee companies and industry associations.

### Explanatory Note (3) For D2:-

The fitness and propriety of company secretaries of the Malaysian FI Regulated Companies in accordance with the Maybank Fit and Proper Policy to ensure that they are not disqualified and comply with the fit and proper requirements as may be specified under the Financial Services Act 2013/ Islamic Financial Services Act 2013 is to be assessed by the respective Boards of the Malaysian FI Regulated Companies.

### Explanatory Note (4) For F2:-

The recommendation on the appointment of CEOs of companies other than the Identified Entities (referred to as “Non-Identified Entities”) shall be delegated to the Group President, whereby such recommendations shall be reported back to the NRC at the next convened NRC meeting.

Explanatory Note (5) For F3:-

The recruitment, appointment, promotion, confirmation and termination of service, as well as the remuneration package, the compensation and benefits policies, the terms and conditions, including the job grade and the review thereof of Senior Officers of the Identified Entities\*\* are to be recommended by the CEOs of the Identified Entities to their respective Boards.

Explanatory Note (6) For G2:-

The oversight on the review and performance evaluation of Senior Officers of Malaysian FI Regulated Companies and the appropriate rewards and revisions of their terms and conditions of services are to be recommended by the CEOs of the Malaysian FI Regulated Companies to their respective Boards.

Explanatory Note (7) For G3:-

The assessment of the fitness and propriety of Senior Officers of Malaysian FI Regulated Companies in accordance with the Maybank Fit and Proper Policy to ensure that they are not disqualified and comply with the fit and proper requirements as may be specified under the Financial Services Act 2013/ Islamic Financial Services Act 2013 is to be conducted by the CEOs of Malaysian FI Regulated Companies for recommendation to the respective Boards of such companies.

Explanatory Note (8) For G4:-

The termination or removal of Senior Officers of the Identified Entities if they are ineffective, errant and negligent in discharging their duties and additionally for Senior Officers of Malaysian FI Regulated Companies, if they become disqualified and no longer comply with any of the fit and proper requirements as may be specified by BNM under the Financial Services Act 2013/ Islamic Financial Services Act 2013 are to be recommended by the CEOs of the Identified Entities to the respective Boards of such companies.

\* All references to “Senior Officers of Maybank” in the Terms of Reference are referable to the following positions:-

Maybank

1. Group President;
2. Members of the Group Executive Committee (“EXCO”);
3. Group Chief Financial Officer.
4. Group Chief Risk Officer;
5. Group Chief Compliance Officer; and
6. Group Chief Audit Executive#.

# For the Group Chief Audit Executive, the recommendations by the NRC under this TOR shall be additionally tabled to the Audit Committee of the Board for consideration and approval in accordance with BNM Guidelines on Corporate Governance for Licensed Institutions.

\*\* All references to “Senior Officers of the Identified Entities” and “Senior Officers of Malaysian FI Regulated Companies” in the Terms of Reference refer to the following positions in the respective entities, where applicable:-

1. CEOs;
2. Direct Reports to the CEOs;
3. Chief Financial Officer;
4. Chief Risk Officer;
5. Chief Compliance Officer;
6. Chief Internal Audit; and
7. Appointed Actuary.

\*\*\* All references to “Other Material Risk Takers” in the Terms of Reference are referable to a list of officers to be maintained and reviewed by Group Human Capital.



### **Explanatory Notes for Section B**

#### **Explanatory Note (1)**

The following words shall have the same meanings assigned to it in the By-Laws:-

1. ESGP Grant Date
2. ESGP Vesting Date
3. ESGP Vesting Price
4. ESGP Shares
5. VWAMP
6. Eligible Employees

#### **Explanatory Note (2)**

In cases of dispute between eligible person/grantee and the NRC over the interpretations in the course of administering the ESGP, the matter shall be referred to the Maybank Board for a decision. The Maybank Board's decision shall be treated as final and binding after a review of the facts and basing on the overall intent of the scheme.