

31 January 2024

Nomination and Remuneration Committee of the Board

TERMS OF REFERENCE

*Terms of Reference of NRC
(Last Approved by the Board on 31 January 2024)
(Composition updated on 23 January 2024)*

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

Size and Composition	The minimum number of members is three (3). The Committee shall comprise only non-executive directors, of which the majority shall be independent.
Chairman	Dr Hasnita Dato’ Hashim <i>(Senior Independent Non-Executive Director)</i> The Committee shall be chaired by an Independent Non-Executive Director (“INED”).
Members	Bapak Edwin Gerungan <i>(Independent Non-Executive Director)</i> Puan Fauziah Hisham <i>(Independent Non-Executive Director)</i> Dato’ Zulkiflee Abbas Abdul Hamid <i>(Independent Non-Executive Director)</i> Datuk Yee Yang Chien <i>(Non-Independent Non-Executive Director)</i>
Secretary	The Group General Counsel & Company Secretary/Joint Company Secretary and/or their nominee(s).
By Invitation	President & Group CEO
Quorum	At least 51% of the number of members must be present to form a quorum.
Meeting Frequency	At least 8 times a year.
Conduct of Meetings	Meetings can be conducted physically or by means of teleconference, video conference or such other communication facilities available from time to time which would permit all members participating in the said meeting to communicate with each other simultaneously and instantaneously and to vote at such meetings. Participation of the members shall be treated as presence in person at the meeting and shall be counted as quorum for the meeting. In the absence of the Chairman, the members shall elect a member from among the INEDs to chair the meeting.
Resolutions Passed/Approved	Resolutions proposed at meeting or by circular to be passed by majority.
Roles and Responsibilities	SECTION A - NOMINATION AND REMUNERATION
	I. General
	1. To provide a formal and transparent procedure for the appointment of Directors and Senior Officers of Maybank and assessment of the effectiveness of individual Directors, the Board as a whole and the performance of Senior Officers of Maybank.
2. To provide a formal and transparent procedure for developing a remuneration policy for Directors and Senior Officers of Maybank and ensuring that compensation is competitive and consistent with Maybank’s culture, objectives and strategy.	

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3.	To oversee the Board succession plan and general composition of the Boards and Board Committees of Maybank and its subsidiaries, their size, skills-set, terms and conditions and tenure of service as well as the appropriate balance between Executive Directors and Non-Executive Directors (“NED”) of the respective Boards, and to make relevant recommendations to the Boards of Maybank and its subsidiaries as it deems appropriate.
4.	To oversee the general composition of the Shariah Committees of relevant subsidiaries regulated by BNM and/or SC, their size, skills-set, terms and conditions and tenure of service, and to make relevant recommendations to the Board of such subsidiaries as it deems appropriate.
5.	To recommend to the Maybank Board, a Leadership Development framework for Group EXCO members (and executives at GPCEO-1 level).
6.	To recommend to the Maybank Board, any revision to the organisational structure commensurate with job grades and ranges framework for Group EXCO members (and executives at GPCEO-1 level).
7.	To recommend to the Maybank Board, a Performance Management Framework/Model including the setting of appropriate performance target parameters and benchmark for the Group Balanced Scorecard at the start of each financial year.
8.	To oversee the succession planning and talent management of Senior Officers of Maybank.
II. Appointments	
<u>Directors</u>	
9.	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.
10.	To recommend to the Boards of Maybank subsidiaries, the appointment of suitable candidates (who are not the executives of Maybank Group) as NEDs, taking into account the size and collective skills and experiences of members of the respective Boards. Recommendations for appointment of local candidates as NEDs of subsidiaries, associates and joint venture companies in foreign jurisdictions are to be made by their own NRC (or any equivalent nominating committee). If these entities do not have their own NRC (or any equivalent nominating committee) then this provision shall apply to them.
11.	To recommend to the Boards of the following entities, the appointments of executives from Maybank Group (“Maybank Executives”) as Directors: - <ul style="list-style-type: none"> (i) Subsidiaries regulated by Bank Negara Malaysia (“BNM”) or its equivalent in foreign jurisdictions (“FI Regulated Companies”); (ii) Subsidiaries regulated by the Securities Commission Malaysia (“SC”) or its equivalent in foreign jurisdictions (“Securities Regulated Companies”); (iii) Holding company of any FI Regulated Companies and/or Securities Regulated Companies; (iv) Associates or joint venture entities which are FI Regulated Companies or Securities Regulated Companies (“Associated FIs”); and (v) Any other entities within Maybank Group which contributes 5% or more to the after tax profit of Maybank Group, hereinafter referred to as the “Identified Entities”.

	<u>Board Committee</u>
12.	To recommend to the Boards of subsidiaries (which do not have their own NRC), the establishment of their respective Board Committees including their remuneration package and any changes to the composition of the Board Committees of subsidiaries.
	<u>Chief Executive Officers (“CEO”)</u>
13.	To consider establishing minimum criteria for the appointment of President & Group CEO and the CEOs of the Identified Entities (excluding Associated FIs) (i.e. on the required mix of skills, experience, qualification and other core competencies).
14.	To recommend to the Boards of the Identified Entities (except Associated FIs), the appointment of suitable candidates as CEO including their remuneration package.
	<u>Senior Officers</u>
15.	To recommend to the Maybank Board, the appointment of suitable candidates as Senior Officers of Maybank including the promotion, confirmation and termination of their services, as well as the remuneration package, the compensation and benefits policies, the terms and conditions, including the job grade and the review thereof.
	<u>Shariah Committee</u>
16.	To recommend to the Boards of relevant FI Regulated Companies and Securities Regulated Companies in Malaysia, the appointment of Shariah Committee members of such companies and their remuneration package.
III. Remuneration	
17.	To recommend to the Maybank Board, the remuneration framework for NEDs covering fees, allowances and benefits-in-kind for the Board and Board Committees of Maybank.
18.	To recommend to the Boards of subsidiaries, the remuneration framework for NEDs covering fees, allowances and benefits-in-kind for all Boards and Board Committees of subsidiaries.
19.	To recommend to the Maybank Board, the remuneration package for Senior Officers of Maybank and Other Material Risk Takers of Maybank and its subsidiaries.
20.	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 Group-wide and any subsequent reviews and revisions thereof.
21.	To recommend to the Maybank Board, the annual review on total rewards for employees of Maybank and its subsidiaries.
IV. Performance and Fit and Proper Assessment of Directors & Company Secretary	
22.	To assess the performance and effectiveness of individuals and collective members of the Boards and Board Committees of Maybank and its subsidiaries, as well as the procedure for the assessment and to make the necessary recommendations to the Boards of the respective entities.

	23.	To assess the fitness and propriety of Directors and Company Secretaries of Maybank and FI Regulated Companies in Malaysia (“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 (“FSA”)/Islamic Financial Services Act 2013 (“IFSA”) and to make the necessary recommendation to the Boards of the respective companies.
	24.	To recommend to the Boards of the respective entities the termination or removal of a Director of Maybank or its subsidiaries, if the Director concerned is ineffective, errant and negligent in discharging his duties or in the case of Malaysian FI Regulated Companies, if a Director or Company Secretary becomes disqualified and no longer complies with any of the fit and proper requirements as may be specified under the FSA/IFSA.
	25.	To consider and recommend to the Maybank Board or the Boards of its subsidiaries any other measures to upgrade the effectiveness of their Boards and individual board member.
	26.	To ensure that all Directors of Maybank and its subsidiaries receive appropriate and continuous training to keep abreast of the latest development in the industry.
	V. Performance and Fit and Proper Assessment of Shariah Committee Members	
	27.	To assess the performance and effectiveness of individual and collective membership of the Shariah Committees of FI Regulated Companies/Securities Regulated Companies in Malaysia, as well as the procedure for assessment and to make the necessary recommendation to the Boards of the said companies.
	28.	To assess the fitness and propriety of members of the Shariah Committees of FI Regulated Companies/ Securities Regulated Companies in Malaysia in accordance with the Maybank Fit and Proper Policy to ensure that they are not disqualified under the IFSA and the Shariah Governance Framework for Islamic Financial Institutions and to make the necessary recommendation to the Boards of the said companies.
	29.	To recommend the removal of Shariah Committee members from the Shariah Committee of the relevant FI Regulated Companies/Securities Regulated Companies in Malaysia 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 under the IFSA and the Shariah Governance Framework for Islamic Financial Institutions.
	30.	To consider and recommend to the Boards of the relevant FI Regulated Companies/Securities Regulated Companies in Malaysia any other measures to upgrade the effectiveness of the Shariah Committee.
	31.	To ensure that all Shariah Committee members of the relevant FI Regulated Companies/Securities Regulated Companies in Malaysia receive appropriate and continuous training to keep abreast of the latest development in the industry.
	VI. Performance and Fit and Proper Assessment of President & Group CEO and Senior Officers	
	32.	To review and evaluate the performance of the President & Group CEO and to make the necessary recommendations to the Maybank Board on his total rewards and terms and conditions of service.

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	33.	To oversee the review and performance evaluation of Senior Officers of Maybank and make the necessary recommendations to the Maybank Board on the appropriate rewards and revisions of their terms and conditions of services.
	34.	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 FSA and to make the necessary recommendation to the Maybank Board.
	35.	To decide on disciplinary action and 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 under the FSA.
	35A	To review and decide on appeal cases involving demotion and dismissal of executives in Band D and above.
	VII. Others	
	36.	To approve the appointment of external consultants/advisors related to the NRC's areas of responsibility, subject to a limit of RM5 million per appointment (irrespective budgeted or unbudgeted).
	37.	To consider and recommend solutions on issues of conflict of interest affecting Directors of Maybank and its subsidiaries.
	38.	To recommend to the Maybank Board, appropriate policy or framework relating to tiering, categorization and classification of subsidiaries based on certain criteria as the NRC deems fit.
	39.	Such other responsibilities as may be delegated by the Board of Maybank from time to time.
	SECTION B - EMPLOYEES' SHARE GRANT PLAN	
		<p>In this section, the roles and responsibilities of the NRC in respect of administering the ESGP are set out below.</p> <ol style="list-style-type: none"> 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.

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		<p>VI. To construe and interpret the provisions of the ESGP By-Laws and the ESGP Shares granted under it as the NRC deems fit.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>X. To determine, review and approve the processes, procedures and guidelines pertaining to the administration of the ESGP.</p>
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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 evaluate and if deemed fit, provide its clearance to all candidates proposed to fill the following positions in MAHB and its subsidiaries which are FI Regulated Companies (hereinafter collectively referred to as the “MAHB Group of Companies”), prior to the proposal being submitted to the MAHB NRC for deliberation and recommendation to the respective Boards of the MAHB Group of Companies for approval:-

- (a) Board and Board Committee members;
- (b) Shariah Committee members; and
- (c) CEOs.

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 MAHB Group of Companies to the same extent that it applies to any other relevant entities referred to in this Terms of Reference.

Explanatory Note (2) For Paragraph 11:-

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 (“Non-Identified Entities”) are delegated to the President & Group CEO whereby such nominations shall be reported back to the NRC at the next convened NRC meeting. This includes the following companies:-

- (a) Associated companies (other than the Associated FIs);
- (b) All companies within the Maybank Investment Bank Group, save for 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 Paragraph 23:-

The fitness and propriety of Company Secretaries of the Malaysian FI Regulated Companies shall be conducted 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 FSA/IFSA, the outcome of which is to be assessed by the respective Boards of such companies.

Explanatory Note (4) For Paragraph 14:-

The recommendation on the appointment of CEOs of Non-Identified Entities shall be delegated to the President & Group CEO, whereby such recommendations shall be reported back to the NRC at the next convened NRC meeting.

Explanatory Note (5) For Paragraph 15:-

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 Identified Entities and Non-Identified Entities are to be recommended by the CEOs of the said entities to their respective Boards.

Explanatory Note (6) For Paragraph 33:-

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 such companies to their respective Boards.

Explanatory Note (7) For Paragraph 34:-

The assessment of the fitness and propriety of Senior Officers of Malaysian FI Regulated Companies are to be conducted 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 FSA/IFSA, the outcome of which is to be recommended by the CEOs of such companies to their respective Boards.

Explanatory Note (8) For Paragraph 35:-

The termination or removal of Senior Officers of the Identified Entities if they are ineffective, errant and negligent in discharging their duties or if they become disqualified and no longer comply with any of the fit and proper requirements as may be specified under the FSA/IFSA, 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 this Terms of Reference refer to the following positions:-

Maybank

1. President & Group CEO;
2. Members of the Group Executive Committee (“EXCO”);
3. Group Chief Compliance Officer;
4. Group Chief Audit Executive#;
5. Group General Counsel & Company Secretary; and
6. Chief Sustainability Officer.

The appointment, remuneration, performance and termination of the Group Chief Audit Executive as recommended by the Audit Committee of the Board (“ACB”) is to be reviewed by the NRC in the context of alignment and consistency with the overall remuneration package/performance framework for Senior Officers of Maybank. In the case of any misalignment/inconsistencies, the NRC is to highlight such issues to the ACB for the latter’s further consideration.

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

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

*** All references to “Other Material Risk Takers” in this Terms of Reference refer 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.