

	<b>TERMS OF REFERENCE: GROUP NOMINATION &amp; REMUNERATION COMMITTEE</b>	Ref. No.: 01
		Revision: 00
		Effective Date: January 1, 2022

Revision No	Revision History	Date
00	The TOR had been approved at the 297 <sup>th</sup> Board Meeting of MNRB Holdings Berhad	November 30, 2021

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**1.0 Objective**

The Group Nomination & Remuneration Committee (“GNRC”) is formed with the objective to assist the Board of MNRB Holdings Berhad (“MNRB”) and the Boards of subsidiaries of MNRB (jointly referred to as “Board(s)”) to:-

- 1.1 Review and assess the appointment / reappointment / removal of Directors, Board Committee members, Group Shariah Committee (“GSC”) members, President & Group Chief Executive Officer (“GCEO”) / President & Chief Executive Officers (“CEOs”) and Board Appointments;
- 1.2 Advise on the optimal size and mix of skills of the Boards, Board Committees and GSC;
- 1.3 Provides oversight and directions on Group Human Resource (“HR”) matters and operations including remuneration and human resources strategies.

*For this Terms of Reference (“TOR”):-*

*“Entity”/ “entities” or “MNRB Group”/“Group” shall refer to MNRB and/or subsidiary company(ies).*

*“Board Appointments” shall include any post created by the Board, including those appointed under E11 and above and positions named by relevant Regulator to be sanctioned by the Board”.*

*For avoidance of doubt, the positions named by relevant Regulator to be sanctioned by the Board include, but are not exhaustive, the following:-*

- (a) *Appointed Actuary;*
- (b) *Group Chief Risk Officer;*
- (c) *Compliance Officer;*
- (d) *Company Secretary;*
- (e) *Group Chief Internal Auditor; and*
- (f) *Any other positions that the Regulator may from time to time specify*

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<p><i>“Key Risk Taker(s)” shall refer to the Head of Department who is not a member of the Senior Management:-</i></p> <p>(a) <i>who can materially commit or control significant amounts of the Group’s resources or whose actions are likely to have a significant impact on its risk profile; or</i></p> <p>(b) <i>is among the most highly remunerated officers.</i></p> <p><b>2.0 Composition of GNRC</b></p> <p>2.1 The members of the GNRC shall be appointed by the MNRB Board comprising at least three (3) of its members and exclusively Non-Executive directors, a majority of whom must be independent.</p> <p>2.2 Where the members, for any reason are reduced to less than three (3), the MNRB Board shall, within six (6) months of the event, appoint such number of new members as may be required to make up the minimum number of three (3) members.</p> <p>2.3 The Chairman of the GNRC shall be an Independent Non-Executive Director appointed by the MNRB Board amongst the members of the GNRC.</p> <p>In the absence of the GNRC Chairman, the remaining members present shall elect one of themselves to chair the meeting from those who would qualify under these terms of reference to be appointed to that position.</p> <p>2.4 The Chairman of the MNRB Board shall not be a member of the GNRC.</p> <p>2.5 In the spirit of Group harmony and uniformity, the GNRC meeting shall be attended by a Permanent Invitee from each of the operating entity (“Permanent Invitee”) who shall provide viewpoints, feedbacks and opinions during the GNRC’s deliberation.</p> <p>2.6 In order to avoid conflict of interest, a member of the GNRC or a Permanent Invitee shall abstain from participating in discussions and decisions on matters directly involving himself/herself.</p>	

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**3.0 Secretary**

The Company Secretary shall act as the Secretary of the GNRC.

**4.0 Duties and Responsibilities – Nomination Roles**

The duties and responsibilities of the GNRC with regard to its nomination roles shall include as follows:-

**4.1 To recommend to the Boards for approvals**

The GNRC shall review, assess suitability (via direct engagement) and recommend to the appointing Board for its approval on the following:-

- (a) the nomination of new Directors, GSC members, GCEO, CEOs and Appointed Actuary.

In recommending such candidate, the GNRC must take into account the entity's Policy on Diversity and the candidate's: -

- skills, knowledge, expertise and experience
- professionalism
- integrity
- conflict of interest
- fit and proper
- time commitment

The GNRC may consider candidates proposed by the GCEO/CEOs and within bounds of practicability, by the substantial shareholder, by any Directors of MNRB Group and may also utilize independent sources to identify suitable and qualified candidates.

The engagement session with the candidate shall be jointly attended by at least two (2) GNRC members and at least another two (2) Directors from the appointing Board.

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- (b) The reappointment of a Director, GSC member, GCEO/CEOs and Board Appointments.
- (c) Re-election of the Directors subject for retirement by rotation based on the provisions of the respective entity's Constitution at every Annual General Meeting.
- (d) The removal of a Director / GSC member / GCEO / CEOs and Board Appointments from the Boards / GSC / entities if the Director/ GSC member / GCEO / CEOs and/or Board Appointments is ineffective, errant, and negligent in discharging his/her responsibilities
- (e) The appropriate recommendation on the effectiveness of the Board as a whole and the contribution of each Director and GSC member based on the findings from the Directors' / GSC members' Annual Evaluation.
- (f) The membership of the Board Committees.
- (g) The criteria to assess independence of Independent Directors.
- (h) The nomination of competent persons of integrity with strong sense of professionalism for appointment as Board Appointments.
- (i) Significant change in the organization structure of the companies.
- (j) The establishment of an appropriate succession planning and talent management and ensure there are programmes to provide for the orderly succession of Board Appointments.
- (k) The term of office and performance of the MNRB Audit Committee and each of its members annually and to determine whether the Audit Committee and its members have carried out their duties in accordance with their TOR.

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- (l) Any recommendations relating to GNRC's obligations and undertaking under the Fit & Proper Policy and Procedure ("Fit & Proper Policy") which includes, among others, as follows: -
- review of the Fit & Proper policy once a year to ensure its relevance and alignment with material changes in the business and risk profile and strategies of the entity.
  - review of the entity's list of Key Responsible Persons (as defined in the Fit & Proper Policy) and be satisfied that the list is comprehensive and has taken into account all key positions.
- (m) Any other matters / functions as defined by the Boards.

**4.2 To recommend to the MNRB Board for approval**

The GNRC shall review, assess, and recommend to the MNRB Board for its approval to facilitate the operations of the entities:-

- (a) Policies, Framework relating to HR matters, strategies, and operations such as succession planning, talent development and employee engagement.
- (b) Policies, Framework relating to corporate governance for Directors, Board Appointments and Senior Management.
- (c) Training for Boards and Directors.

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**5.0 Duties and Responsibilities – Remuneration Roles**

The duties and responsibilities of the GNRC with regard to its remuneration roles shall include the following:-

5.1 To recommend to the Boards for approvals

The GNRC shall review, assess, and recommend to the appointing Board for its approval the following:-

(a) Non-Executive Directors (“NED”) and GSC members

The remuneration and entitlement of the NEDs, including the Non-Executive Chairman and GSC members.

The level of remuneration shall reflect the level of responsibilities undertaken by a particular NED in the various Board Committees.

In considering the appropriate remuneration and entitlement of the NEDs and GSC members, the GNRC shall take into consideration the need to attract, retain and motivate individuals of the necessary caliber.

(b) GCEO/CEOs/Board Appointments

Establish a Framework of Policies for the remuneration package of the GCEO, CEOs and Board Appointments and Key Risk Takers (where applicable).

In this role, the GNRC shall seek to ensure fair remuneration to them, which, while set in the context of what the entities can reasonably afford, recognises the following principles:

- That they receive compensation which are appropriate to their scale of responsibilities taking into account the demands, complexities and performance of the company as well as skills and experience required.

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<ul style="list-style-type: none"> <li>• Make recommendations on all elements of the remuneration, terms of employment, reward structure and fringe benefits for them.</li> <li>• That performance targets are established to achieve alignment with the interests of shareholders of the companies, with an appropriate balance between long- and short-term objectives.</li> <li>• The need to attract, motivate and retain those of the necessary caliber to run the company successfully.</li> <li>• reviewing their key performance indicators (“KPI”), performance, compensation and remuneration packages.</li> </ul> <p>(c) Recommendation on the setting of Corporate KPI</p> <p>(d) Performance Reward</p> <p>(e) Review any changes to the Scheme of Service for Executives and Collective Agreement for Non-Executive.</p> <p>(f) Review and recommend to the appointing Board for the shareholders’ approval at the Annual General Meeting on the fee structure and benefits of the Board.</p> <p>(g) Review the disclosure of Directors’ Remuneration in the Company Annual Report of MNRB.</p> <p>(h) Examine and review such other matters referred by the appointing Board to the GNRC.</p> <p>5.2 <u>To recommend to the MNRB Board for approval for adoption by Boards</u></p> <p>The GNRC shall review, assess, and recommend to the MNRB Board for its approval for entities to operationalize such as Policies, Framework relating to HR matters, strategies, and operations relating to staff remuneration matters such as salary adjustments and performance rewards.</p>	



## **6.0 Authority**

- 6.1. The GNRC is authorised by the Boards to investigate any matters within this TOR. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the GNRC.
- 6.2 GNRC is authorised by the Boards to obtain independent legal or other professional advice as and when it considers necessary at the expense of the Company.
- 6.3 The GNRC has access to advice and services of the Company Secretary.

## **7.0 Quorum & Meeting Proceedings**

- 7.1 The quorum for the GNRC meetings shall comprise at least two (2) members, both of whom shall be independent directors.  
  
The Permanent Invitee of the operating entity where a proposal by the same entity is tabled to the GNRC must be present during the GNRC deliberation.
- 7.2 The Chairman of the GNRC may invite other Directors or members of Management, appropriate officers of the companies or professional advisers to attend the meetings to assist in its deliberation.
- 7.3 The GNRC should meet at a minimum two (2) times a year to carry out the activities as per this TOR, or more frequently when the need arises.
- 7.4 A meeting of the GNRC may be held by means of telephone, video conference or telephone conference or other telecommunication facilities, which permits all persons participating in the meeting to communicate with each other. A person so participating shall be deemed to be present in person at such meeting and shall be counted in a quorum and be entitled to vote.

## **8.0 Written Resolution**

- 8.1 In between GNRC Meetings, approvals or recommendations by the GNRC on urgent or important business matters relating only to MNRB may be made via Directors' Written Resolution enclosing all relevant information to enable the GNRC Members to make informed decisions.

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8.2 GNRC Directors' Written Resolution signed and approved by any other electronic means by all of the GNRC Members, shall be as valid and effectual as if it had been passed at an GNRC Meeting duly convened, held and constituted. Any such resolution may consist of several documents in like form each signed or approved by one or more GNRC members

For urgent or important business matters relating to entities other than MNRB, Management of the said entity may circulate its proposal to GNRC for its input (including that of the Permanent Invitee) by way of Management Memo. Upon receiving the feedbacks, the proposal can be escalated to the Board of entities for its approval.

**9.0 Disclosures**

The GNRC shall assist the Boards in making disclosures concerning the activities of the GNRC and other information in the Company's Annual Report namely the list of activities of the GNRC in discharging its duties for the financial year.

**10.0 Amendment, Variation or Modification**

10.1 The TOR may be amended, varied or modified in writing as and when necessary subject to the MNRB Board's approval.

10.2 Upon the MNRB Board's approval, the said revision or amendment shall form part of this TOR and this TOR shall be considered duly revised or amended.

10.3 The TOR shall be reviewed and updated as and when there are changes to the MNRB/Group's direction that may affect the GNRC's role.

**-end-**