

AMMB Holdings Berhad

Registration No. 199101012723 (223035-V)

GROUP NOMINATION AND REMUNERATION COMMITTEE TERMS OF REFERENCE

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1. PURPOSE

- 1.1 The Group Nomination and Remuneration Committee (the “Committee”) is established as a committee of the AMMB Holdings Berhad (the “Company”) Board of Directors (the “Board”) to provide assistance to the Group (defined in 1.2) in the following areas:
- 1.1.1 Review and assess the appointment / re-appointment and remuneration of Directors, Shariah Committee members and Senior Management for recommendation to the Board.
- 1.1.2 Oversee the establishment of a formal and transparent procedure for the performance evaluation of Directors, Shariah Committee members and Senior Management.
- 1.1.3 Advise the Board on the optimal size and mix of skills of the Board and Board Committees.
- 1.2 The responsibility of the Committee covers the following entities within the Group:
- a) AMMB Holdings Berhad;
 - b) Banking Subsidiaries
 - AmBank (M) Berhad;
 - AmInvestment Bank Berhad; and
 - AmBank Islamic Berhad
 - c) Any other operating entities which do not have its own Nomination / Remuneration Committee as deemed appropriate.

Note: For the purpose of this document, the definition of Senior Management excludes the Group Chief Internal Auditor. The listing of Senior Management is set out in Appendix 1 of this document.

2. COMPOSITION AND APPOINTMENT

- 2.1 The Committee members shall be appointed by the Board from amongst their number and shall consist of not less than four (4) members, all of whom shall be Non-Executive Directors (“NEDs”) and a majority of which are Independent Directors.
- 2.2 No alternate Director shall be appointed as a member of the Committee.
- 2.3 The Chairman of the Committee shall be an Independent Director appointed by the Board.
- The responsibilities of the Chairman, amongst others, are as follows:
- Planning and conducting meetings;
 - Updating the Board on the activities undertaken by the Committee on a regular basis including significant matters and resolutions made by the Committee at each Board meeting;
 - Encouraging open discussion during meetings; and
 - Developing and maintaining active on-going dialogue with Senior Management.
- 2.4 The Chairman of the Committee shall not be the Chairman of the Board.

3. AUTHORITY

- 3.1 The Committee is authorised by the Board to perform the following:
- 3.1.1 Secure the resources in order to perform its duties as set out in its terms of reference.
 - 3.1.2 Investigate any activity within its terms of reference and shall have direct communication channels with Senior Management.
 - 3.1.3 Have full and unrestricted access to information pertaining to the Company and the Group, their records, properties and personnel in the performance of its duties.
 - 3.1.4 Obtain external legal or other independent professional advice as necessary.
 - 3.1.5 Convene meetings with Management, and if appropriate, the Secretary, whenever deemed necessary.
- 3.2 The Committee shall report to the Board on matters considered and its recommendations thereon, pertaining to the Group.

4. FUNCTIONS AND DUTIES

The main functions and duties of the Committee shall include, but are not limited to the following:

4.1 Appointments

- 4.1.1 To establish minimum requirements for Board, Board Committee, Shariah Committee members and Senior Management. The requirements and criteria shall be approved by the Board.
- 4.1.2 To assess and recommend the candidates for the Directorship, Shariah Committee members and Senior Management positions.
- 4.1.3 To assess Directors, Shariah Committee members, Group Chief Executive Officer ("GCEO") and expatriate-filled positions^{Note 1} for appointments and re-appointments before an application for approval is submitted to Bank Negara Malaysia ("BNM"), subject to the approval of the Board.

Board, Board Committee and Shariah Committee members

- 4.1.4 To oversee the overall composition of the Board, Board Committees and Shariah Committee in terms of the appropriate size, skills, experience, qualification and diversity (i.e. gender, ethnicity and age) as well as the balance between Executive Directors, NEDs and Independent Directors.
- 4.1.5 To review the suitability of Independent Directors upon reaching their maximum tenure or any other independence criteria set by the Board, whether to remain on the Board and Board Committees as Non-Independent Directors, for the approval by the Board and BNM, where necessary.

^{Note 1} This refers to foreign specialists or experts in critical areas. The critical areas where the employment of expatriates as specialists / experts is allowed include trade, finance, corporate finance, treasury, and information technology. For other areas that are deemed to be of critical significance to the banking institution, special consideration can be sought from BNM.

Senior Management

- 4.1.6 To assess and recommend on the appointment of Senior Management positions for all banking subsidiaries within the Group prior to submission to the respective banking subsidiary Boards for approval.

Group Company Secretary

- 4.1.7 To assess and recommend the appointment or removal of Group Company Secretary position.

4.2 Remuneration

- 4.2.1 To recommend a formal and transparent procedure for developing the remuneration policy for NEDs, Shariah Committee members, Senior Management and employees for the approval of the Board.

- 4.2.2 To establish remuneration strategies and frameworks and to recommend remuneration packages that are:

- Consistent with the Group's culture, objective and strategy;
- Competitive and equitable to attract and retain talent;
- Reflective of responsibilities and commitments; and
- Supports long-term performance and avoids incentives for risk-taking.

Board, Board Committee and Shariah Committee members

- 4.2.3 The remuneration framework shall cover all aspects of remuneration including:

- NEDs' fees, salaries, allowances, bonuses, options and benefits-in-kind; and
- Shariah Committee members' fees, allowances, bonuses and benefits-in-kind.

- 4.2.4 To ensure that the remuneration for NEDs is linked to their level of contribution taking into account the level of expertise, knowledge and experience, effort and time spent, and the responsibilities undertaken for the effective functioning of the Board and/or Board Committees.

- 4.2.5 To recommend the remuneration of the Shariah Committee members for AmBank Islamic Berhad's Board approval. The remuneration shall commensurate and reflect the roles and responsibilities of the Shariah Committee.

Senior Management and Employees

- 4.2.6 To recommend the total remuneration philosophy and exceptions, as well as remuneration structures for the Group's employees.

- 4.2.7 To recommend to the Board any performance related remuneration schemes for the Group.

- 4.2.8 To produce a report of the Group's nomination and remuneration policy which will be part of the Group's annual report and accounts.

- 4.2.9 To oversee the implementation of Executives' Share Scheme (the "Scheme") in accordance with the By-Laws of the Scheme as approved by the Shareholders of the Company and to perform such other functions as may be requested by the Board. The Committee may obtain external professional advice where considered necessary for the discharging of its functions and responsibilities.

4.3 Performance Setting and Review

- 4.3.1 To conduct the annual evaluation exercise to assess the performance and effectiveness of the Board, the Board Committee, individual Directors, Shariah Committee members, Senior Management and the Group Company Secretary. The assessment is to determine whether:

- i. Directors, Shariah Committee members, Senior Management and the Company Secretary meet the "Fit & Proper" criteria laid down in the:

- Financial Services Act, 2013;
- Islamic Financial Services Act, 2013;
- Latest BNM Guidelines on Fit and Proper Criteria; and
- Or any other relevant regulations.

- ii. Independent Directors meet the criteria laid down in the BNM Corporate Governance Policy document or any other relevant regulations.

- iii. Directors, Shariah Committee members, Senior Management and the Group Company Secretary are not disqualified under Financial Services Act, 2013 or Islamic Financial Services Act, 2013 or any other relevant regulations.

Board, Board Committee and Shariah Committee members

- 4.3.2 To establish a process to evaluate the effectiveness of the performance of the Board, the Board Committee, individual Directors as well as Shariah Committee members. Such performance criteria shall be approved by the Board.

- 4.3.3 To recommend measures to upgrade the effectiveness of the Boards, Board Committees and Shariah Committee.

- 4.3.4 To recommend to the Board a Performance Management framework / model, including setting of the appropriate performance target parameters and benchmark for the Group Balanced Scorecard at the start of each financial year.

- 4.3.5 To consider and recommend solutions on issues of conflict of interest affecting Directors.

- 4.3.6 To recommend to the Board the removal of a Director from the Board, or the removal of a Shariah Committee member from the Shariah Committee, if:

- i. the Director or the Shariah Committee member is ineffective, errant and negligent in discharging his responsibilities; or
- ii. The Director or the Shariah Committee member has become disqualified and no longer comply with any of the regulatory requirements.

Senior Management

- 4.3.7 To recommend to the Board a key performance indicator scorecard that includes the setting of appropriate performance targets parameters and benchmark for the scorecard at the start of each financial year.
- 4.3.8 To review and oversee the performance evaluation of the Senior Management for Board approval.
- 4.3.9 To recommend to the Board the removal of a Senior Management, if:
- i. the Senior Management is ineffective, errant and negligent in discharging his responsibilities; or
 - ii. The Senior Management has become disqualified and no longer comply with any of the regulatory requirements.

4.4 Director Induction and Development

- 4.4.1 To review, on a half yearly basis, the induction and training needs of Directors, including Board induction and other training programmes to ensure that all Directors and Shariah Committee members receive appropriate continuous training in order to keep abreast with the latest developments in the industry and be able to discharge their responsibilities effectively.

4.5 Succession Planning

- 4.5.1 To oversee the succession planning for the Board Chairman, Directors, Shariah Committee members, Senior Management and expatriate-filled positions in the Group.

4.6 Reporting to the Board

- 4.6.1 To report to the Board, key matters discussed and agreed at the Committee meeting.
- 4.6.2 To advise the Board on matters within the scope of the Committee, as well as any major issues that merit the attention of the Board.

5. MEETINGS

5.1 Frequency and Attendance

- 5.1.1 The Committee shall meet at least quarterly in a financial year. The Chairman of the Committee, in consultation with the Secretary, should determine the frequency of committee meetings. Additional meetings shall be scheduled as considered necessary by the Chairman of the Committee or should circumstances require.
- 5.1.2 There shall be in attendance at the meeting of the Committee by invitation the Group Chief Executive Officer and members of Management, and such other persons as deemed necessary by the Committee.

5.2 Meeting Agenda and Papers

- 5.2.1 The agenda and meeting papers shall be circulated at least seven (7) calendar days before each meeting to the Committee members. Any submission of meeting paper less than three (3) calendar days before each meeting shall be considered a late paper and will require the approval of the Chairman.

5.3 Quorum

- 5.3.1 The quorum for a meeting of the Committee shall be more than 50% of the Committee members.
- 5.3.2 In the absence of the Chairman, the remaining members present shall elect one of their Independent Non-Executive members as Chairman of the meeting.

5.4 Meeting Mode

- 5.4.1 A meeting shall be conducted in person or via telephone conference or video conference or similar communications equipment or other appropriate means as determined by the Committee to enable effective discussion.
- 5.4.2 The Committee may from time to time and if deemed appropriate, consider and approve and/ or recommend relevant matters via a Circular Resolution in writing, including approval by legible confirmed transmission by facsimile or other forms of electronic communications, in lieu of formally convening a meeting. The Circular Resolution shall only be undertaken with prior approval from the Chairman, and it shall follow the voting rights as set out in clause 5.5. The Circular Resolution shall be as valid and effectual as if it has been passed by a meeting of the Committee duly convened.
- 5.4.3 Circular Resolutions must be signed by all Committee members, subject to clause 5.5.2. Members who do not agree with the resolution shall also sign the document but may record their dissent in writing at the time of signing. Circular resolutions passed since the last Committee meeting shall be circulated for notation at the next Committee meeting.

5.5 Voting

- 5.5.1 All resolutions of the Committee shall be adopted by a simple majority vote, each member having one vote. In case of equality of votes, the Chairman of the meeting shall have a casting vote.
- 5.5.2 A Committee member is required to abstain from deliberations and voting in respect of any matter which may give rise to an actual or perceived conflict of interest situation. If, as a result, only two (2) members remain to vote on the question at issue, the Chairman shall not have a casting vote, and the matter shall be escalated to the Board for decision-making.

5.6 Meeting Minutes

- 5.6.1 Minutes shall be duly recorded by the Secretary, confirmed as an accurate record of the proceedings by the Committee and signed by the Chairman of the meeting at which the proceedings are held, or by the Chairman of the next succeeding meeting.
- 5.6.2 Copies of minutes of each meeting shall be distributed to all members of the Board for information, and to all members of the Committee and relevant Senior Management members to ensure proper key actions are acted upon.

5.7 Secretary

5.7.1 The Group Company Secretary or nominee shall act as the Secretary of the Committee.

6. ANNUAL PERFORMANCE ASSESSMENT

6.1 The Board shall review the composition, performance and effectiveness of the Committee and each of its members annually to determine the effectiveness of the Committee and each of its members in carrying out the duties as set out in this Terms of Reference.

6.2 All such assessments shall be properly documented.

7. REVIEW OF THE TERMS OF REFERENCE

7.1 The Committee shall review and assess the adequacy of this Terms of Reference at least once in every two (2) years or as and when necessary. Any proposed changes to the Terms of Reference shall be approved by the Board.

APPENDIX A

For the purpose of this document, "Senior Management" comprises of the following positions:

- Group Chief Executive Officer;
- Chief Executive Officer of banking subsidiaries;
- Group Chief Financial Officer;
- Group Chief Fintech & Technology Officer;
- Group Chief Risk Officer;
- Group Chief Human Resource Officer;
- Group Chief Compliance Officer;
- Managing Director of Retail Banking;
- Managing Director of Business Banking;
- Managing Director of Wholesale Banking;
- Managing Director of Group Wealth Management; and
- Any other specific appointees requested by the Committee.