

# **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 Key Management Personnel 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 Key Management Personnel.
  - 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
    - AmBank Islamic Berhad
  - c) Other subsidiaries in the Group which do not have its own Nomination / Remuneration Committees as deemed appropriate

Note: For the purpose of this document, the definition of Key Management Personnel excludes **the Chief Internal Auditor**. The listing of Key Management Personnel 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 five (5) members, all of whom shall be Non-Executive Directors 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, wherever 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 oversee the overall composition of the Board, in terms of the appropriate size, skills, experience, qualification and diversity in terms of gender, ethnicity and age, as well as the balance between Executive Directors, Non-Executive Directors and Independent Directors.
- 4.1.2 To establish minimum requirements for the Board, Shariah Committee members and Key Management Personnel. The requirements and criteria shall be approved by the full Board.
- 4.1.3 To recommend to the Board a policy regarding the period of service for the Executive and Non-Executive Directors.
- 4.1.4 To assess and recommend the nominees for the following positions:
  - Directorship
  - Shariah Committee members
  - Key Management Personnel
  - Any other specific appointees requested by the Committee

- 4.1.5 To assess Directors, Shariah Committee members, Chief Executive Officer (“CEO”) and expatriate-filled positions<sup>Note 1</sup> for appointments and re-appointments before an application for approval is submitted to Bank Negara Malaysia (“BNM”), subject to the approval of the full Board.
- 4.1.6 To advise on the appointment of CEO position for all subsidiaries within the Group prior to submission to the respective subsidiaries Boards for approval.
- 4.1.7 To oversee the appointment, management succession planning and performance evaluation of Key Management Personnel and expatriate-filled positions<sup>Note 1</sup> in the Group.
- 4.1.8 To periodically report to the Board on talent management and succession planning for the Board Chairman, Directors, Shariah Committee members, and Key Management Personnel.

## 4.2 Remuneration

- 4.2.1 To recommend a formal and transparent procedure for developing the remuneration policy for Directors, Key Management Personnel and staff for the approval of the full Board. The Committee shall ensure that compensation is competitive and consistent with the Group’s culture, objectives and strategy and reflects the responsibility and commitment, which goes with Board membership and Key Management Personnel.
- 4.2.2 To establish remuneration strategies and frameworks and to recommend remuneration packages that are:
- Consistent with the Groups culture, objective and strategy
  - Competitive and equitable to attract and retain talent
  - Reflective of responsibilities and commitments
  - Supports long-term performance and avoids incentives for risk-taking
- The framework shall cover all aspects of remuneration including Directors’ fees, salaries, allowances, bonuses, options and benefits-in-kind.
- 4.2.3 To ensure that the remuneration for Non-Executive Directors 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 Committees / Board.
- 4.2.4 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.
- 4.2.5 To recommend the total remuneration philosophy and exceptions and remuneration structures for the Group’s employees.

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<sup>Note 1</sup> 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.

- 4.2.6 To recommend to the Board any performance related remuneration schemes for the Group.
- 4.2.7 To produce a report of the Group's remuneration policy which will be part of the Group's annual report and accounts.
- 4.2.8 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 Director Induction and Development**

- 4.3.1 To review the induction and training needs of Directors, and facilitate Board induction and 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.

#### **4.4 Performance Review**

- 4.4.1 To establish a process to evaluate the effectiveness of the performance of the Board as a whole, various Board Committees, Shariah Committee and contribution of each Director, in addition to an assessment on the required mix of skills, experience, diversity and core competencies required on the Board based on an objective performance criteria. Such performance criteria shall be approved by the Board.
- 4.4.2 To assess the performance and effectiveness of individuals and collective members of the Boards and Board Committees of the Company and its Banking Subsidiaries.
- 4.4.3 To recommend measures to upgrade the effectiveness of the Boards and Board Committees.
- 4.4.4 To consider and recommend solutions on issues of conflict of interest affecting Directors.
- 4.4.5 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.
- 4.4.6 To review and oversee the performance evaluation of the Shariah Committee members and Key Management Personnel for Board approval.
- 4.4.7 To review performance evaluation results and to recommend to the Board the removal of a Director from the Board if the Director is ineffective, errant and negligent in discharging his responsibilities.
- 4.4.8 To review performance evaluation results and to recommend to the Board the removal of the Shariah Committee members and Key Management Personnel if they are ineffective, errant and negligent in discharging their responsibilities.

- 4.4.9 To assess, on an annual basis, that the:
- i. Directors, Shariah Committee members, Key Management Personnel and Chief Internal Auditor 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
    - 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, Key Management Personnel, and Chief Internal Auditor are not disqualified under Financial Services Act, 2013 or Islamic Financial Services Act, 2013 or any other relevant regulations.

## **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 for each meeting shall be circulated at least seven (7) calendar days before each meeting to the Committee members.

### **5.3 Quorum**

- 5.3.1 The quorum for a meeting of the Committee shall be three (3) 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, in lieu of formally convening a meeting. 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 Approval of Committee obtained by a Circular Resolution must be signed or approved by all Committee members, subject to 5.5.2. Circular resolutions which have been passed since the last Committee meeting should be circulated for notation of the Committee at the next 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 Committee shall have a second or casting vote. Where two (2) directors form a quorum, the Chairman of the meeting at which only such a quorum is present or at which only two (2) directors are competent to vote on the question at issue shall not 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.

## **5.6 Meeting Minutes**

5.6.1 Minutes shall be duly recorded by the Secretary and approved 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 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 on a periodic basis determined by the Committee or as and when necessary. Any proposed changes to the Terms of Reference shall be approved by the Board.

**8. APPENDIX**

**8.1 Appendix 1**

8.1.1 For the purpose of this document, “Key Management Personnel” comprises of the following positions:

- Group Chief Executive Officer
- Deputy Group Chief Executive Officer
- Chief Executive Officer of Banking Subsidiaries
- Group Chief Financial Officer
- Group Chief Risk Officer
- Group Chief Human Resource Officer
- Group Chief Information Officer
- Group Chief Compliance Officer
- Group Chief Operations Officer
- Group Company Secretary
- Managing Director Retail Banking
- Any other specific appointees requested by the Committee