



## RHB BANK BERHAD

### TERMS OF REFERENCE (“TOR”) OF BOARD NOMINATING & REMUNERATION COMMITTEE (“BNRC”)

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#### **OBJECTIVE**

1. Review and assess the appointment/re-appointments of directors, board committee members, Shariah Committee (“SC”) members, Senior Officers, Appointed Actuary and Company Secretary (where applicable) for recommendation to the Boards of main entities and other subsidiaries (as deemed appropriate) under RHB Banking Group (“the Group”).
2. Advise the Boards on optimal size and mix of skills of Boards.
3. Provide oversight and direction on Human Resource (“HR”) matters and operations, and to recommend to the Boards for approval of remuneration and human resource strategies.

#### *Notes:*

- (i) *The definition of ‘Senior Officers’ in this TOR entails Group Managing Director (“GMD”), Group Management Committee (“GMC”) members and permanent invitees, and any persons as may be decided by the BNRC.*
- (ii) *The definition of ‘main entities’ in this TOR entails the following companies:*
  - (a) *RHB Bank Berhad (“RHB Bank”);*
  - (b) *RHB Investment Bank Berhad (“RHB Investment Bank”);*
  - (c) *RHB Islamic Bank Berhad (“RHB Islamic Bank”); and*
  - (d) *RHB Insurance Berhad (“RHB Insurance”).*

#### **AUTHORITY**

1. Each and every member of the BNRC shall be vested with such power and authority, specific or general, as may from time to time be decided upon by the Board.
2. The BNRC is authorised by the Board to act within its TOR, to obtain the resources which it requires including but not limited to obtaining expert advice, both internal and external, and to have full and unrestricted access to information to enable the BNRC to fulfill its objectives.



## **DUTIES AND RESPONSIBILITIES**

The **duties and responsibilities** of the BNRC with regard to its **nomination roles** shall include the following:

1. Establish a framework for the appointment and re-appointment of directors, board committee members, SC members, Senior Officers, Appointed Actuary and Company Secretary.
2. Establish and recommend for Board's approval, minimum requirements for directors, SC members, Senior Officers, Appointed Actuary and Company Secretary.
3. Establish and recommend for Board's approval, the optimal size and mix of skills to ensure efficient operation of the boards/board committees/SC.
4. Review on a periodic basis, the policy on boardroom and gender diversity.
5. Assess and recommend for Board's approval, new and reappointed nominees (where applicable) for directorship, board committee members, SC members, Senior Officers, Appointed Actuary and Company Secretary.
6. Establish and recommend for Board's approval, the expectations on time commitment for the directors and protocols for accepting new directorships.
7. Establish and recommend for Board's approval, a mechanism for the formal assessment of the performance of Boards as a whole, board committees, SC members, each director, Senior Officers and Appointed Actuary.
8. Review performance assessment results of the Senior Officers and Other Material Risk Takers of the main entities of the Group including Appointed Actuary (as detailed in Attachment A under Group A) and make appropriate recommendations to the respective Boards.
9. Consider disciplinary cases and decide on disciplinary actions or punishments to be meted out on Senior Officers, Appointed Actuary and Company Secretary.

Any appeals in respect thereof shall be elevated to the respective Boards.

10. Recommend to the Boards, the removal of any director, SC member, Senior Officer, Appointed Actuary or Company Secretary found to be ineffective, errant and negligent in the discharge or responsibilities.
11. Ensure directors, board committee members and SC members receives appropriate induction and continuous training programs for closure of skill gaps and keeping abreast with latest developments.

12. Establish and recommend for Board's approval, the criteria to assess independence of independent directors.
13. Assess annually the independence of independent directors and that the directors and officers of the Group meet the identified independence criteria and are not disqualified under relevant regulations.
14. Review and recommend for Board's approval, any significant change in the organisation structure of the Group or/and the major operating subsidiaries.
15. Whenever key expatriates at the Group are employed, to ensure there is in place a process for the transfer of expertise and skills from the expatriates to the staff of the Group.
16. Recommend to the Boards, a policy regarding the period of service for the executive and non-executive directors.
17. Oversee the succession planning and talent management of Senior Officers.
18. Perform any other functions as defined by the Boards.

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

1. Ensure the establishment of formal and transparent procedures for developing remuneration and HR policies, strategies and framework for directors, SC members, Senior Officers and staff.
2. Recommend remuneration strategies, policies and framework and specific remuneration packages for directors, board committee members, SC members, Senior Officers and Other Material Risk Takers of the main entities of the Group including Appointed Actuary (as detailed in Attachment A under Group A), which should be (where relevant):
  - a) Market competitive and in support of the Group's culture, vision, objectives and strategy;
  - b) Reflective of the responsibilities and commitment required;
  - c) Sufficient to attract and retain quality people but yet not excessive; and
  - d) Performance driven with sufficient emphasis on long term development of the Group to avoid excessive short-term risk-taking.

The framework should cover all aspects of remuneration including directors' fees, salaries, allowances, bonuses, option and benefits-in-kind.

3. Ensure HR strategies, policies and frameworks are in place for all the building blocks of a quality HR management system (e.g. succession planning, talent and leadership development, training, etc.) to support the Group in achieving its objectives.
4. Review and assess the effectiveness of the Group HR Division in supporting the Group, including oversight of the scope and quality of Group HR projects/programmes.
5. Recommend for Board's approval, new Group HR policies and frameworks, and changes to the said frameworks, in line with HR strategy and direction set by the Board.
6. Approve changes to Group HR policies, in line with HR strategy and direction set by the Board.
7. Review and recommend for Board's approval, any significant change in the organisation structure of the Group or/and the major operating subsidiaries.
8. Perform any other functions as defined by the Boards.

*Notes:*

- (i) *The recommendations made by the BNRC under its TOR with respect to the Group Chief Internal Auditor shall additionally be tabled to the Board Audit Committee for consideration and approval.*
- (ii) *The recommendations made by the BNRC under its TOR with respect to the Group Chief Risk Officer and the Group Chief Compliance Officer shall additionally be tabled to the Board Risk Committee for consideration and endorsement.*

## **REPORTING**

The BNRC reporting line is to the respective Boards of the main entities that adopt the BNRC.

## **COMPOSITION OF COMMITTEE**

1. The BNRC shall comprise only non-executive directors, with at least three (3) members. The BNRC should be chaired by the Senior Independent Non-Executive Director or an independent director. In the absence of Chairman, the members of the BNRC shall elect an independent director to chair the Meeting.
2. In order to avoid conflict of interest, a member of the BNRC shall abstain from participating in discussions and decisions on matters involving the person.

### **FREQUENCY OF MEETING**

1. Meetings shall be held at least once a quarter with a quorum of at least two (2) members or 50% of the total members, whichever is higher; half of whom shall be independent directors. Additional meetings may be called at the discretion of the Chairman of the BNRC.
2. The BNRC may invite any other director or members of management and employees of the Company to be in attendance during meetings to assist in its deliberations.
3. Meetings of the BNRC shall be governed by the provisions of the Company's Constitution relating to Board meetings except in so far as the same are amended in these terms of reference.

### **SECRETARIAT**

1. Company Secretary or representative from Group Secretariat.
2. Minutes of each BNRC meeting shall be kept and distributed to all members of the BNRC. The minutes of the BNRC meeting shall be presented at the Board Meeting and the Chairman of the BNRC shall report on material issues which have been deliberated at BNRC meeting to the Board.

### **DISCLOSURE**

The activities of the BNRC and its assessments should be disclosed in the relevant entity's annual report as follows:

1. Membership of the BNRC;
2. Responsibilities of the BNRC; number of BNRC meetings and the attendance of BNRC members;
3. A statement on the BNRC's assessment on the mix of skills, experience and other qualities of directors; and
4. Policy on boardroom and gender diversity.



## **ATTACHMENT A**

### **List of Senior Officers and Other Material Risk Takers under Group A for the Oversight by the Board of RHB Bank in addition to the Respective Boards of the Main Entities**

#### **RHB Bank (Senior Officers and Other Material Risk Takers)**

1. GMD;
2. GMC Members and Permanent Invitees;
3. Head, Homeowners;
4. Head, Cards and Unsecured Business;
5. Head, Commercial Banking;
6. Head, Small and Medium Enterprise (Engagement); and
7. Group Chief Credit Officer.

#### **RHB Investment Bank (Senior Officers)**

1. Head, Group Capital Market; and
2. Head, Group Retail Equities and Futures.

#### **RHB Islamic Bank (Senior Officer)**

1. Deputy Chief Executive Officer.

#### **RHB Insurance (Senior Officers)**

1. Chief Operations Officer / Head, Underwriting & Claims; and
2. Appointed Actuary.

*Note: (Not Part of BNRC TOR)*

*The list of senior officers and other material risk takers under Group B for the oversight by the respective Boards of RHB Investment Bank, RHB Islamic Bank and RHB Insurance only is to be maintained and reviewed by Group HR Division. Any proposal on performance and remuneration in relation to the said senior officers and other material risk takers is not required to be tabled to the BNRC and shall be tabled to the respective Boards for consideration and approval accordingly.*