
TERMS OF REFERENCE OF GROUP NOMINATION AND REMUNERATION COMMITTEE

MEMBERS

- | | |
|-------------------------------------|--|
| (1) Ms. Teoh Su Yin | – Chairperson/ Senior Independent Director |
| (2) Datuk Mohd Nasir Ahmad | – Member/ Independent Director |
| (3) Dato' Mohamed Ross bin Mohd Din | – Member/ Independent Director |
| (4) Mr. Didi Syafruddin Yahya | – Member/ Independent Director |
| (5) Ms. Shulamite N K Khoo | – Member/ Independent Director |
| (6) Ms. Serena Tan Mei Shwen | – Member/ Non-Independent Director |
| (7) Encik Afzal Abdul Rahim | – Member/ Independent Director |

1. OBJECTIVE

The Group Nomination and Remuneration Committee (the Committee) was established with the delegated responsibility to set the principles, parameters and governance framework for the following:

- 1.1 To support the Board in carrying out its functions by providing a transparent and consistent procedure concerning the Board, Board Committees, individual Directors, Chief Executive Officer/Executive Director (CEO/ED) and Senior Management Officers (SMOs) pertaining to the following:
 - (a) Appointments and removals;
 - (b) Composition; and
 - (c) Annual Evaluation.
- 1.2 To support the Board in overseeing the design and operation of the Group's remuneration framework by providing a transparent and consistent procedure for developing Policies and Procedures for Directors, Members of the Board Committees and employees of the Group. The remuneration framework must be competitive and consistent with the culture, objectives, strategy and the existing remuneration guidelines and framework of the Group.
- 1.3 To review the remuneration of Directors of the Group Boards, Members of the Board Committees, CEOs/EDs, SMOs and Material Risk Takers (MRTs), particularly on whether the remuneration remains appropriate vis-à-vis their contribution, taking into account the level of expertise, commitment and responsibilities undertaken.
- 1.4 The deliberation of the Committee will cover the following:
 - (a) Board of CIMB and Boards of its licensed entities (collectively the Group)
 - (b) Group Board Committees
 - (c) SMOs, defined as the direct reports of the Group CEO/ED and Heads of Control Functions which includes:
 - CEOs of business divisions
 - Country CEOs
 - Group Chief Operating Officer

TERMS OF REFERENCE OF GROUP NOMINATION AND REMUNERATION COMMITTEE

- Group Chief Financial Officer
- Group Strategy and Design Officer
- Group Chief People Officer
- Group Chief Compliance and Legal Officer
- Group Chief Risk Officer
- Group Chief Internal Auditor, and
- Group Company Secretary.

The list above is not exhaustive and will include any other positions (Grade G3 and above) that report directly to the Group CEO/ED.

(d) MRTs of the Group, defined as follows:

- Senior management and staff responsible for material business units, taking credit risk and market risk exposures such as Senior Corporate Bankers
 - (i) With regard to credit risk exposures, the staff member is responsible for initiating credit proposals, or restructuring credit products;
 - (ii) Has the authority to take, approve or veto a decision on such credit risk exposure; or
 - (iii) A member of a committee which has authority to take decisions referred to in (i) or (ii).
- Staff member who has the authority to take, approve, veto a decision on transactions on the trading book e.g. Senior Traders.
- Staff member who has managerial responsibility for a group of staff members who have individual authorities to commit the institution to transaction.

2. COMPOSITION

2.1 The Committee shall comprise exclusively Non-Executive Directors with a minimum of five (5) Members, of which the majority must be Independent Directors. The Committee shall be chaired by an Independent Director. In order to avoid conflict of interest, a Member of the Committee shall abstain from participating in the discussion and decisions in matters involving him/her.

2.2 The Group Company Secretary shall act as Secretary to the Committee.

2.3 Where the Chairperson is unable to attend a meeting, the remaining Members shall elect an Independent Director among themselves to chair the meeting.

3. AUTHORITY

3.1 The Committee has delegated authority from the Group Boards to discharge its duties and responsibilities as set out in this Terms of Reference.

TERMS OF REFERENCE OF GROUP NOMINATION AND REMUNERATION COMMITTEE

- 3.2 The Committee has the authority to obtain 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 Committee to fulfill its objectives and duties.
- 3.3 The Committee may sub-delegate authority to the Group Executive Committee and/or relevant Group-wide Committees, as it sees fit to undertake or implement actions that have been approved by the Committee.
- 3.4 The Committee is vested with such power and authority, specific or general, as may from time to time be decided upon by the Group Boards.

4. QUORUM

The quorum of the Committee meeting shall be four (4) Members.

5. COMMITTEE MEETINGS

The Chairperson shall convene meetings as and when required but shall not be less than four (4) times a year.

Senior management of the Group or professional advisors may be invited to attend meetings where the Committee considers their presence necessary.

6. RESPONSIBILITIES

The Committee's duties and responsibilities shall include the following:

6.1 Nomination

- 6.1.1 Establishing clear, formal and transparent Policies and Procedures for the appointment, re-appointment and re-election of Members of the Group Boards, Board Committees and CEOs/EDs¹.
- 6.1.2 Establishing minimum requirements for the Boards, Board Committees and CEOs/EDs, namely the required mix of skills, experience, qualification, commitment to sustainability and other core competencies required of each Director. The minimum requirements and criteria must be approved by the Board. The minimum requirements are as follows:
- (a) Directors:
- Relevant skills and expertise;
 - Competence in specialised areas of practice, for example: Accounting, finance, law, banking, investment etc;
 - Demonstrated a track record of success;
 - Independence (where relevant) and objectivity; and
 - Willingness to challenge prevailing opinion.

¹ Nomination of all employees to the Boards of non-licensed entities within the Group and to external Boards is the responsibility of the Group Chief People Officer

TERMS OF REFERENCE OF GROUP NOMINATION AND REMUNERATION COMMITTEE

- (b) Members Board Shariah Committee:
- Muslim individual;
 - Relevant skills and expertise;
 - Bachelor's Degree in Shariah which includes study in *Usul Fiqh* (the origin of Islamic law) or *Fiqh Muamalat* (Islamic transaction/commercial law);
 - Strong proficiency and knowledge in written and verbal Arabic, and good understanding in Bahasa Malaysia and English language;
 - Demonstrated a track record of success;
 - Independence (where relevant) and objectivity; and
 - Willingness to challenge prevailing opinion.
- 6.1.3 Overseeing the overall composition and diversity of the Board and Board Committees in terms of the appropriate size, skills and experience, gender diversity and ethnicity, as well as the balance between Executive Directors, Non-Executive Directors and Independent Directors through periodic review or as and when required.
- 6.1.4 Assessing candidates for the Group Boards, Board Committees and CEOs/EDs, and recommending their nomination to the Board for approval, before an application for approval is submitted to Bank Negara Malaysia (BNM) and/or other regulatory authorities.
- 6.1.5 Reviewing the suitability of Independent Directors, due to them reaching the 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.
- 6.1.6 Review and, if considered appropriate, recommend to the Board of Directors for approval the following:
- all of the Group CEO's recommendations for appointment of SMOs of the Group other than the Group Chief Risk Officer, Group Chief Compliance & Legal Officer and Group Chief Internal Auditor;
 - any major organisational structure change proposed by the Group CEO, taking into account input from the Board Risk and Compliance Committee and the Audit Committee with respect to their areas of responsibility.
- 6.1.7 Oversee the management succession planning and performance evaluation of SMOs.
- 6.1.8 Recommend to the Board the removal of SMOs if they are ineffective and unable to perform their responsibilities.

TERMS OF REFERENCE OF GROUP NOMINATION AND REMUNERATION COMMITTEE

6.2 Remuneration

6.2.1 Remuneration Policy

- (a) To set and recommend to the Board for approval, the overarching principles, parameters and governance framework of the:
- (i) CIMB Group Directors' Remuneration Framework and Board Shariah Committee's Remuneration Policy, to attract and retain highly dedicated, competent, professional and independent leaders and recognise them for their contributions.
 - (ii) CIMB Group Remuneration Policy to ensure an overall coherent approach to remuneration in respect of all employees of the Group.

6.2.2 Remuneration Frameworks, Structures and Practices

- (a) To recommend to the Board of CIMB to approve the remuneration frameworks for the following:
- Directors;
 - Members of the Board Committees;
 - CEOs/EDs;
 - SMOs; and
 - MRTs.

The remuneration framework should support the Group's culture, objectives and strategy, and should cover all aspects of remuneration including Director's fees, salaries, allowances, bonuses, options and benefits-in-kind as well as take into consideration sustainability of the business and its stakeholders.

- (b) To review and approve remuneration frameworks, structures and practices for the Group's employees.
- (c) To ensure that the Group's remuneration practices are regularly reviewed and benchmarked against industry standards.
- (d) To review practices in relation to the performance-related pay schemes such as deferred payment frameworks, vesting of long-term incentives, application of risk adjustments, malus and/or clawback.

6.2.3 Specific Remuneration Packages

To recommend specific remuneration packages for Directors, CEOs/EDs and Members of the Board Shariah Committee, to reflect their level of responsibilities and contribution to the Boards and Board Committees. The remuneration may differ based on their level of expertise, knowledge and experience.

TERMS OF REFERENCE OF GROUP NOMINATION AND REMUNERATION COMMITTEE

6.2.4 Remuneration for SMOs and MRTs

- (a) To review and approve recommendations on remuneration approaches, including variable remuneration and any performance-related payments, in relation to SMOs, MRTs and employees in Control Functions as defined under the remuneration guidelines of the relevant legislation and regulatory requirements.
- (b) To seek advice from the Board Risk and Compliance Committee and Heads of Control Functions on the risks arising from remuneration practices as well as specific adjustments to be applied to performance objectives of any SMO and MRT.
- (c) To deliberate and approve the individual remuneration packages of SMOs and MRTs including performance bonuses, incentive arrangements and any compensation payment, in accordance with the Group Remuneration Policy as well as relevant legislation and regulatory requirements.

6.3 Annual Evaluation

The Committee is responsible in conducting the Annual Evaluation exercise to assess the performance and effectiveness of the following as per the Group's Annual Evaluation Manual:

- (a) Boards;
- (b) Board Committees;
- (c) Individual Directors and individual Board Shariah Committee Members; and
- (d) SMOs.

In discharging the above, the Committee shall be responsible to:

- 6.3.1 Establish a framework for the annual assessment, for approval by the Board of CIMB. The annual assessment should be conducted based on an objective performance criterion and in compliance with BNM's Guidelines on Fit and Proper for Key Responsible Persons and other relevant regulatory authorities.
- 6.3.2 Assess the fitness and probity in accordance with the Group's Annual Evaluation Manual to ensure that they are not disqualified and that they comply with the applicable regulatory requirements.
- 6.3.3 Recommend to the Group Boards the retention of individuals as identified in Paragraph 6.3.1(c) and (d), if they are found to be fit and proper, based on their annual assessment score.
- 6.3.4 Recommend to the respective Boards on the removal of individuals as identified in Paragraph 6.3.1(c) and (d), if upon assessment, they are found to be no longer fit and proper due to the following:

TERMS OF REFERENCE OF GROUP NOMINATION AND REMUNERATION COMMITTEE

- (a) They have been assessed as ineffective, errant and negligent in discharging their duties and responsibilities; or
- (b) They have become disqualified and no longer comply with any of the regulatory requirements.

6.3.5 Assess the performance of the Audit Committee of CIMB and each of its Members annually to determine whether the Audit Committee and its Members have duly carried out their duties in accordance with their terms of reference, for recommendation to the Board of CIMB accordingly.

6.4 Succession Management Framework

- 6.4.1 To provide oversight of CIMB's Succession Management framework to manage succession risk for critical positions across the Group as follows:
- (a) Directors;
 - (b) Board Committees; and
 - (c) CEOs/EDs.
- 6.4.2 To review, deliberate and recommend the Succession Plan for the above critical positions, to the Group Boards for approval.

6.5 Directors' Development

- 6.5.1 To establish the Directors' Development framework for the on-going development plan of Directors for the respective Boards, in ensuring each Director possesses the knowledge and skills necessary to fulfill their responsibilities.
- 6.5.2 To allocate adequate resources and budget for the Directors' development plan, for recommendation to the Board of CIMB for approval.

6.6 Others

- 6.6.1 To report to the Group Boards on the broad activities of the Committee and the decisions made within the Terms of Reference.
- 6.6.2 To ensure that appropriate disclosures are made in accordance with relevant legislation and regulatory requirements.
- 6.6.3 To make recommendations to the Group Boards as it deems appropriate on areas with its scope of responsibility where action or improvement is needed.