



**RHB BANK BERHAD**  
**TERMS OF REFERENCE**  
**OF**  
**BOARD NOMINATING & REMUNERATION COMMITTEE (“BNRC”)**

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**OBJECTIVE**

1. Review and assess the appointment/re-appointments of directors, board committee members, Group Shariah Council (“GSC”) and key senior management officers for recommendation to the Boards.
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.

*Note: The definition of ‘key senior management officers’ in this Terms of Reference entails Group Managing Director (“Group MD”), Chief Executive Officer/Managing Director who is the Direct Report to the Group MD and any persons as decided by the Committee.*

**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 regards to its **nomination roles** shall include the following:

1. Establish a documented procedure for the appointment of directors, board committee members, GSC and key senior management officers.
2. Establish and recommend for Board approval, minimum requirements for directors, GSC and key senior management officers.
3. Establish and recommend for Board approval, the optimal size and mix of skills to ensure efficient operation of the boards/board committees/GSC.



4. Review on a periodic basis, the policy on boardroom and gender diversity.
5. Assess and recommend for Board approval, new and reappointed nominees for directorship, board committee members, GSC and key senior management officers.
6. Establish and recommend for Board approval, the expectations on time commitment for the board members and protocols for accepting new directorships.
7. Establish and recommend for Board approval, a mechanism for the formal assessment of the performance of Boards as a whole, board committees, GSC, each director and key senior management officers.
8. Review performance assessment results and recommend to the Board, the removal of any director, GSC or key senior management officer found to be ineffective, errant and negligent in the discharge or responsibilities.
9. Ensure directors, board committee members and GSC receives an appropriate induction and continuous training programs for closure of skill gaps and keeping abreast with latest developments.
10. Establish and recommend for Board approval, the criteria to assess independence of independent directors.
11. 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.
12. Review and recommend for Board approval, any significant change in the organisation structure of the Group or/and the major operating subsidiaries.
13. 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.
14. To recommend to the Board, a policy regarding the period of service for the executive and non-executive directors.
15. To perform any other functions as defined by the Board.

The **duties and responsibilities** of the BNRC with regards 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, GSC, key senior management and staff.



2. Recommend remuneration strategies, policies and framework and specific remuneration packages for directors, board committee members, GSC and key senior management officers, 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
  - 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 benefit-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 HR Division in supporting the Group, including oversight of the scope and quality of Group HR projects/programmes.
5. Approve changes to Group HR policies, in line with HR strategy and direction set by the Board.
6. Review and recommend for Board approval, any significant change in the organisation structure of the Group or/and the major operating subsidiaries.
7. Perform any other functions as defined by the Board.

## **REPORTING**

The BNRC reporting line is to the respective Boards of 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 Articles of Association 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 Committee;
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.