CIMB Group Holdings Berhad

TERMS OF REREFENCE OF
GROUP NOMINATION AND REMUNERATION COMMITTEE

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1. OBJECTIVE

1.1. The primary objective of the Group Nomination and Remuneration Committee (Committee/GNRC) is to assist the Board of CIMB Group Holdings Berhad (CIMB) and the Boards of its subsidiaries as set out in Clause 1.2 of this Terms of Reference (collectively the Group) in discharging the following responsibilities:

- Evaluate and provide recommendations on the appointment and renewal of appointment of Directors, Chief Executive Officer/Executive Director (CEO/ED) and Senior Officers (SOs).
- Oversee the governance and effectiveness of the Group's Responsibility Mapping Framework, including reviewing Management's assessment on the establishment of clear accountability of CEO/ED and SOs in line with regulatory expectations, and providing recommendation to the Board where appropriate.
- Oversee the design and operation of the Group's remuneration framework, including the periodic review of remuneration of each Director, SOs and Material Risk Takers (MRTs).
- Oversee the implementation of a structured and transparent process for evaluating the performance of Directors and SOs.
- Provide guidance on determining the optimal size and composition of skills within the Board and its Committees to support effective governance and decision-making.

[Note: The definition and listing of SOs and MRTs are set out in the Appendix]

1.2. The responsibility of the Committee covers the following entities within the Group:

(a) CIMB Group Holdings Berhad

(b) CIMB's Banking Subsidiaries:

(i) CIMB Bank Berhad;

(ii) CIMB Islamic Bank Berhad; and

(iii) CIMB Investment Bank Berhad.

(c) Any other licensed entities which do not have their own Nomination/ Remuneration Committee.

1.3. The Committee's deliberation shall exclude appointment of the Group's employees onto Boards of non-licensed entities within the Group, as well as Boards of companies outside of the Group, of which shall be the responsibility of the Group CEO and the Group Chief People Officer.

2. SIZE AND COMPOSITION

2.1. The Committee shall:

(a) have at least three (3) Directors,

(b) comprise only Non-Executive Directors, majority of which shall be Independent Directors,

(c) be chaired by an Independent Director who is not the Chairperson of the Board, and

(d) comprise Directors who possess the necessary skills, knowledge, and experience that align with the Committee's responsibilities.

3. SECRETARY

3.1. The Company Secretary and/or his/her nominee(s) shall act as Secretary to the Committee.

3.2. Minutes of Committee meetings shall be kept and circulated to all members of the Committee. The Committee shall brief the Board on key matters and concerns discussed, and where appropriate, provide relevant recommendations for the Board's consideration.

4. MEETINGS

4.1. The Committee shall meet at least four (4) times a year. Additional meetings may be called at the discretion of the Chairperson.

4.2. At least two-thirds (2/3) of the number of Directors must be present to form a quorum, majority of whom shall be Independent Directors.

4.3. In the event the Chairperson is not present within fifteen (15) minutes after the time appointed for the meeting, is unwilling to act or unable to attend a meeting, the remaining Directors shall elect an Independent Director among themselves to chair the meeting.

4.4. The Committee may invite any other Director, employees and professional advisors to be in attendance during meetings to assist in its deliberations.

4.5. Meetings may be conducted physically or by way of telepresence, teleconference, or other communication facilities available which would facilitate participation by the Directors, provided such facilities enable Directors to communicate with each other and to vote at such meetings. Participation of Directors at meetings by way of telepresence, teleconference or other facilities shall be treated as present in person and shall be counted towards the quorum for the meeting.

5. RESOLUTION PASSED/APPROVED

5.1. Subject to Clause 5.3, resolutions proposed at meetings or by circular shall be approved/passed by a simple majority of the members, each member having one vote.

5.2. Circular Resolutions which have been passed since the last Committee meeting shall be circulated for notation at the next meeting.

5.3. A Committee member who has, directly or indirectly, an interest in a material transaction or material arrangement shall not be present at the Committee meeting where the said matter is being deliberated by the Committee.

6. AUTHORITY

6.1. The Committee has delegated authority from the Boards of CIMB and the Banking Subsidiaries pursuant to Clause 1.2, to discharge its duties and responsibilities as set out in this Terms of Reference.

6.2. The Committee has the authority to obtain resources which it requires, including but not limited to, obtaining expert advice, both internal and external, at the expense of CIMB, and to have full and unrestricted access to information to enable the Committee to fulfill its objectives and responsibilities.

6.3. The Committee is vested with such power and authority, specific or general, as may from time to time be conferred upon by the Boards of CIMB and Banking Subsidiaries.

6.4. The Boards of CIMB and the Banking Subsidiaries remain fully accountable for any authority delegated to the Committee.

7. DUTIES AND RESPONSIBILITIES

The scope of the Committee's responsibilities and deliberations shall include the following:

7.1. **Nomination**

(a) To establish clear, formal and transparent policies and procedures for the appointment, re-appointment and re-election of members of the Board, Board Committees, CEOs/EDs and SOs.

(b) To recommend to the Board the minimum criteria and skill sets for appointments to the Board, Board Committees and for the position of CEOs/EDs of CIMB and the Banking Subsidiaries.

(c) To assess candidates for the positions of Directors, Shariah Committee members and CEOs/EDs for appointments and re-appointments prior to

submitting an application to Bank Negara Malaysia (BNM) or other regulatory authorities for approval, subject to the approval of the respective Boards.

Board and Board Committees

(d) To periodically review and ensure that the Board and its Committees maintain an optimal composition and diversity – covering appropriate size, a balanced mix of skills and experience, gender and ethnic representation, and an appropriate distribution of Executive, Non-Executive and Independent Directors.
(e) To review and assess the continued suitability of Independent Directors who have reached the maximum tenure or no longer meet the Board's independence criteria, and recommending their potential re-designation as Non-Independent Directors for approval by the Board and where applicable, BNM.
(f) To establish and recommend for Board's approval, the criteria to assess the independence of Independent Directors.
(g) To propose for the Board's approval the expected time commitments for Directors necessary to effectively discharge their fiduciary and governance responsibilities, as well as the protocols for accepting new directorships that are aligned with regulatory requirements, conflict of interest considerations, and the Board's oversight obligations.

Senior Management

(h) To review and, if considered appropriate, recommend to the relevant Board for approval for the following:
    (i) Group CEO's recommendations for appointment of SOs of the Group.
    (ii) Major changes to organisational structure as may be proposed by the Group CEO, which has taken into consideration input from the Audit and Board Risk and Compliance Committees respectively in relation to their areas of responsibility.

7.2. **Remuneration**

(a) To develop remuneration strategies and frameworks, and to propose remuneration packages that are:
    - Aligned with the Group's culture, objectives, and strategic direction,
    - Competitive and fair to attract and retain the right talent, and
    - Appropriate and commensurate with the responsibilities, commitment and contributions.

(b) To recommend a structured and transparent process for formulating the remuneration policy for the following, for the Board's consideration and approval:

(i) Non-Executive Directors,
(ii) Shariah Committee members,
(iii) CEOs/EDs,
(iv) SOs,
(v) MRTs, and
(vi) Employees of the Group.

(c) To ensure the Group's remuneration practices are periodically reviewed and benchmarked against prevailing industry standards.

Board, Board Committee and Shariah Committee Members

(d) To ensure that the remuneration framework for:
(i) Non-Executive Directors (NEDs) cover all aspects of remuneration including retainer fees, allowances, bonuses, options and benefits-in-kind; and
(ii) Shariah Committee Members cover retainer fees, allowances, bonuses and benefits-in-kind.

(e) To ensure that the remuneration for NEDs is commensurate with their contributions, taking into account their expertise, knowledge, experience, effort, time commitment and the responsibilities they undertake in supporting the effective functioning of the Board and its Committees.
(f) To propose the remuneration for Shariah Committee Members, which should appropriately reflect their roles and responsibilities, for approval by the Board of CIMB Islamic Bank Berhad.

SOs and MRTs

(g) To review and approve recommendations on remuneration approaches, including variable remuneration and any performance-related payments, in relation to SOs and MRTs as defined under the remuneration guidelines of relevant legislation and regulatory requirements.
(h) To consult CIMB's Board Risk and Compliance Committee and Heads of Control Functions on potential risks stemming from remuneration practices, including any necessary adjustments to the performance objectives of SOs and MRTs.
(i) To assess and approve individual remuneration packages for SOs and MRTs – including performance bonuses, incentive schemes, and any compensation payments – in alignment with CIMB Group Remuneration Policy and in compliance with applicable laws and regulatory requirements.

7.3. **Succession Planning**

To oversee the Board Diversity Framework and the Board Composition and Skill Set Framework to ensure effective management of succession risks for the following critical roles across the Group, including reviewing, deliberating and recommending succession plans for these roles to the respective Boards for approval:

(i) Directors'
(ii) Board Committees; and
(iii) CEOs/EDs.

7.4. **Performance Evaluation**

The Committee is responsible in conducting an annual evaluation to assess the performance and effectiveness of the Board, Board Committees, individual Directors, Shariah Committee Members and SOs, aimed at ensuring that:

(a) Directors, Shariah Committee Members and SOs comply with the "Fit and Proper" criteria set out in relevant laws, regulations and guidelines; and
(b) Independent Directors comply with the independence criteria as may be prescribed in relevant laws, regulations and guidelines.

Board, Board Committee and Shariah Committee Members

(a) To establish a structured framework and process for the annual assessment of the Board, Board Committees, individual Directors and Shariah Committee Members, for the Board of CIMB's approval. The assessment shall be based on objective performance criteria and conducted in compliance with Bank Negara Malaysia's Guidelines on Fit and Proper Criteria for Key Responsible Persons, as well as other applicable regulatory requirements.
(b) To identify and recommend targeted action plans aimed at enhancing the effectiveness of the Boards, Board Committees, individual Directors and Board Shariah Committee Members.
(c) To recommend to the Board for the removal of a Director or a Shariah Committee Member if:
    (i) the Director or the Shariah Committee Member is ineffective, errant or negligent in discharging his/her responsibilities; or
    (ii) the Director or the Shariah Committee Member has become disqualified and no longer comply with any of the regulatory requirements.

SOs

(a) To recommend to the Board a key performance indicator (KPI) scorecard that incorporates the establishment of appropriate performance targets, parameters, and benchmarks at the beginning of each financial year.

(b) To review and oversee the performance evaluation of SO for Board approval.
(c) To recommend to the relevant Board Committee and/or Board the removal of any SO who has:
    (i) been assessed to be ineffective, errant, negligent in or unable to discharge their responsibilities; or
    (ii) become disqualified and no longer comply with any of the regulatory requirements.

7.5. **Director Onboarding Programme and Development**

(a) To develop and regularly review the Directors' Development Plan to ensure that all Directors receive appropriate continuous training and development programmes, including onboarding programme, designed to keep the Directors abreast with the latest trends and developments necessary in discharging their duties and responsibilities.
(b) To regularly review the training needs of individual Directors and identify and recommend targeted training programmes aligned with the Director's roles and evolving strategic priorities.

7.6. **Responsibility Mapping**

(a) To exercise oversight over the Group's Responsibility Mapping Framework, including its development, adoption and effective implementation across the relevant entities within the Group as set out in paragraphs 1.2(a) and (b), and to review Management's assessment that responsibilities are clearly articulated and appropriately assigned to SOs.
(b) To escalate and submit for the Board's consideration and approval any material developments or significant changes to the Responsibility Mapping Framework, having regard to organisational requirements and applicable regulatory standards.

8. DELEGATION OF AUTHORITY AND FUNCTIONS

8.1. The Committee may sub-delegate its 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.

8.2. Where the Committee has delegated any authority, the Committee remains responsible for the exercise of the said authority delegated to those Group Executive Committee and/or relevant Group-wide Committees.

9. ANNUAL PERFORMANCE ASSESSMENT

The Boards of CIMB and the Banking Subsidiaries shall review the composition and performance of the Committee and each of its members annually to determine the effectiveness of the Committee and its members in undertaking its duties and responsibilities as set out in this Terms of Reference.

10. REVIEW OF TERMS OF REFERENCE

Any proposed revision or amendment to this Terms of Reference by the Committee shall be submitted to the Board for approval. Once approved by the Board, the revision or amendment shall be incorporated into this Terms of Reference and deemed officially adopted.

APPENDIX

A. Senior Officers

For the purpose of this document, “Senior Officers (SOs)” refer to individuals employed by a financial institution or its affiliates who have the authority and responsibility to plan, direct or control the activities of the Group or its entities, including those accountable for business, operational and control functions.

This includes:

- Executive Directors of CIMB’s Banking Subsidiaries;
- Members of Group Executive Committee (GEXCO); and
- Selected Key Direct Reports of Group CEO-1

B. Material Risk Takers

For the purpose of this document, “Material Risk Takers (MRTs)” is defined as follows:

- Senior management of business units that undertake credit risk exposures and who have the authority to approve and commit the institution to decisions relating to such credit risk exposures.
- Senior management who are vested with the authority to approve and commit the institution to transactions within the trading book.
- Senior management who hold significant accountability within the Group and possess individual authority to commit the institution to material decisions or transactions.