



MBSB BERHAD
(formerly known as Malaysia Building Society Berhad)
**Terms of Reference of the Group
Nominating & Remuneration Committee
(GNRC)**

Effective date: 1 August 2024

1.0 PREAMBLE

The Board of Directors (“Board”) of MBSB Berhad (“MBSB”) has established a Group Nominating and Remuneration Committee (“GNRC” or “the Committee”) with authority and duties as specified in these terms of reference.

2.0 REFERENCE

This Terms of Reference is set out as a guide on the principles and operations of the GNRC of MBSB.

3.0 COMPOSITION OF THE COMMITTEE

- 3.1 The GNRC shall comprise of a minimum of three (3) members, all of whom must be Non-Executive Directors, of which the majority must be Independent Non- Executive Directors.
- 3.2 The GNRC shall be chaired by an Independent Non-Executive Director, or the Senior Independent Non-Executive Director as identified by the Board.
- 3.3 The GNRC’s Chairman shall be designated by the Board or, if it does not do so, the Committee members shall elect a Chairman by vote of a majority of the full Committee, subject always to fulfilling the requirement under paragraph 3.2.
- 3.4 The Chairman of the Board shall not be a Chairman or member of the GNRC.
- 3.5 The GNRC must not have any Executive Director in its membership.
- 3.6 A member of the GNRC MUST abstain from participating in any discussion, deliberation and decision-making on matters involving himself or herself.
- 3.7 The Board may from time to time appoint additional members to the Committee who are Non-Executive Directors, as it deems fit and necessary. The majority of membership composition of Independent Non-Executive Directors must remain intact.
- 3.8 The GNRC may invite any directors, executives, or other persons to attend any



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meeting(s) of the Committee as it may from time to time consider desirable to assist the Committee in the attainment of its objective.

- 3.9 Should at any time the Committee's membership falls below the requisite three (3) members, such vacancy must be filled up within a period of three (3) months from the date the vacancy becomes available.

4.0 SECRETARY OF THE COMMITTEE

The Company Secretary shall be the secretary of the Committee and shall be responsible for drawing up the agenda with the concurrence of the Chairman and circulate the notice of meeting supported by explanatory documentation to members of the Committee prior to each meeting. The Company Secretary shall keep the minutes of meetings.

5.0 OBJECTIVE

- 5.1 The objective of GNRC is to assist the Board and Board of the respective subsidiary companies ("respective Boards"):-
- i. To provide a formal, transparent and consistent procedure for the appointment of Directors, Board Committees, the Group Chief Executive Officer ("GCEO")/Chief Executive Officer ("CEO") of the respective subsidiary companies, C-Suite with Group function/C-Suite at the respective subsidiary companies (collectively known as "C-Suites") and Company Secretary of MBSB Group ("Company Secretary").
 - ii. To assess the effectiveness of individual Directors, the Board as a whole, Board Committees and the performance of the GCEO/CEO of the respective subsidiary companies, C-Suites and Company Secretary.
 - iii. To provide oversight and to assess the effectiveness of the SAC and the performance of the SAC members of MBSB Bank.



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- iv. To provide oversight over the design and operation of the remuneration system of MBSB Group.
- v. To provide the oversight over the key areas of nomination and remuneration matters of MBSB Group.

Note:

- 1. *The position of GCEO/CEO in this context shall include Acting GCEO/CEO, or whichever is applicable at the material time.*
- 2. *MBSB Group means MBSB and its Group of Companies.*

6.0 ROLES & RESPONSIBILITIES

To nominate, assess and/or review and upon its satisfaction, recommends to the respective Boards for approval/concurrence on the following:-

A. Board of Directors

- 6.1 The following matters concerning Board:-
 - i. Board and Board Committee' composition;
 - ii. Re-appointment/Re-election of Director;
 - iii. Resignation/retirement/removal of a Director;
 - iv. Appointment/Removal of a Senior Independent Non-Executive Director.
- 6.2 Potential candidates (s) for appointment to the Board (with reference to Annexure 1): To identify the most suitable candidates by using a variety of approaches and sources including recommendation from the existing Board members, Management, major shareholders as well as other external sources such as independent search firms. In making its recommendations, the GNRC should consider the following aspects/criteria:-
 - i. professional experience;
 - ii. skills;
 - iii. knowledge;



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- iv. education and background;
- v. age;
- vi. ethnicity;
- vii. culture;
- viii. gender; and
- ix. in the case of candidates for the position of Independent Non-Executive Directors for MBSB Group, the GNRC should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from the Independent Non-Executive Directors.

- 6.3 The remuneration packages for Directors of the MBSB Group will be supported by:-
- i. Assessment for Directors' responsibilities and commitment tailored towards the Group's culture, objectives and strategy; and
 - ii. Taking into cognizance, a balance when determining the remuneration package, which should be sufficient to attract and retain Directors.

Note: Upon being sanctioned by the Board, the remuneration packages, including fees, allowances, bonuses (if any), and benefits-in-kind for all Directors are subject to shareholders' approval.

B. GCEO/CEO at the respective subsidiary companies

- 6.4 Potential candidate (s) for appointment as GCEO/CEO at respective subsidiary companies: To consider and to recommend to the respective Boards the appointment, renewal of contract, resignation, retirement and other related issues involving the GCEO/CEO of the respective subsidiary companies.
- 6.5 Removal/termination of contract of the GCEO/CEO at the respective subsidiary companies.
- 6.6 Remuneration package, increment, bonuses and other related matters involving the GCEO/CEO of the respective subsidiary companies.



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C. C-Suites and Company Secretary

- 6.7 Potential candidate(s) for appointment: The appointment, contract renewal, resignation, retirement, removal/termination of contract and other related issues involving the C-Suites position including Company Secretary respectively, as defined under Section 3 of the Group Fit and Proper Requirements Policy.
- 6.8 The promotion, remuneration package, increment, bonuses and other related matters involving the C-Suites position including the Company Secretary, as defined in the Group Fit and Proper Requirements Policy.

D. Key Responsible Persons

- 6.9 To delegate to the GCEO/CEO of the respective subsidiary company, the responsibility for fit and proper assessment and decision on appointment, contract renewal, resignation, retirement, removal/termination of contract and other related issues involving other key responsible persons within the MBSB Group, as defined in the Group Fit and Proper Requirements Policy.
- 6.10 To delegate to the GCEO/CEO of the respective subsidiary company, the decision on the promotion, remuneration package, increment, bonuses and other related matters involving other key responsible persons in MBSB Group as defined in the Group Fit and Proper Requirements Policy.

E. Shariah Advisory Committee (“SAC”)

- 6.11 Potential candidates(s) for appointment as SAC members of MBSB Bank: To recommend to the Board of MBSB Bank, candidates for the appointment as Shariah Advisory Committee (SAC) members. In making the recommendation, the Committee should consider the following criteria:-
- i. The candidate considered should be a Muslim;
 - ii. The skills set of the candidates for the position; and
 - iii. Fulfil the fit and proper criteria as per the applicable guidelines by the relevant



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authorities.

- 6.12 To assess and recommend to the Board of MBSB Bank on removal of SAC members.
- 6.13 To assess the performance and effectiveness of the SAC and the SAC members and to recommend the same to the Board of MBSB Bank for concurrence.
- 6.14 To consider and recommend to the Board of MBSB Bank, the remuneration package and other related matters involving the SAC, for approval.

7.0 OTHER FUNCTIONS OF GNRC

A. Composition, Fit and Proper Assessment, Evaluation

- 7.1 To establish clear, formal and transparent procedures for the re-election and re-appointment of the Directors of the MBSB Group and to ensure that the re-election and re-appointment of a director should be contingent on satisfactory evaluation of director's performance and contribution to the Board.
- 7.2 To conduct annual review and establishing minimum requirements for assembling the Board of MBSB Group, namely required mix of skills, experience, qualification, diversity and other core competencies required of each Director.
- 7.3 To provide oversight for the overall composition of the Board and the Board Committees of the MBSB Group in terms of the appropriate size and skills, gender diversity and the balance between executive directors, non-executive directors and independent directors through annual reviews and to ensure that the composition of the Board is refreshed periodically.
- 7.4 To ensure that the candidate(s) is not disqualified under the relevant laws and regulations and has complied with the fit and proper requirement, before an application for appointment/ reappointment of Directors/GCEO/CEO is submitted to BNM. The decision as to who shall be nominated should be the responsibility of the respective Boards.



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- 7.5 To assess the independence of Independent Directors on an annual basis and recommend the same to the respective Boards.
- 7.6 To review the tenure of each Director and to assess and evaluate the suitability of Directors (save for director who is a Board representative of a major shareholder) to remain on the Board, when they have reached a consecutive or cumulative term of nine (9) years.
- 7.7 To implement a process with the respective Boards, for assessing the effectiveness of the Boards as a whole, the committees of the Board, and for assessing the contribution of each individual Director, including Independent Non-Executive Directors, as well as the GCEO/CEO. All assessment and evaluations carried out in the discharge of all its functions should be conducted annually and properly documented.
- 7.8 The GNRC is also responsible for establishing the minimum requirements for the GCEO/CEO. The requirements and criteria should be approved by the respective Boards.
- 7.9 To assess, on an annual basis, to ensure that the Directors of the MBSB Group and the GCEO/CEO remain in compliance with the “fit and proper” criteria.
- 7.10 To deliberate and recommend to the respective Board, for disciplinary cases involving GCEO/CEO, C-Suites and Company Secretary.



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B. Training Needs and Succession Policy

- 7.11 To assess and recommend accordingly the training needs of the Directors of MBSB Group and any proposed changes to the training budget.
- 7.12 To ensure the MBSB Group has a developed succession policy and that such policy is kept under review.

C. Remuneration Framework

- 7.13 On a yearly basis, review and recommend to the respective Boards the remuneration framework to ensure that the remuneration packages support the Group's culture, objectives and strategy and should reflect the responsibility and commitment of the Directors and employees so as to remain competitive in the industry to retain and also attract talents and high calibre individuals to the MBSB Group.

D. Empowerment

- 7.14 As empowered by the Board, the GNRC shall;
- i. Recommend all new Group human resource related policies and framework to Board for approval and approve revisions to all existing policies and framework;
 - ii. Deliberate and approve contract values for procurement, engagement of third parties and contracting of services above Group Management Committee's limit for human resource related matters;
 - iii. Deliberate and approve budgeted OPEX/CAPEX expenditure above Group Management Committee's limit for human resource related expenses; and
 - iv. Deliberate and approve the appointment and termination of Outsourced Serviced Providers involving human resource related matters (regardless of contract values).



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E. Responsibility Mapping

7.15 With regards to responsibility mapping¹, the GNRC shall assess, review and recommend to the respective Boards on the adoption and implementation of the responsibility mapping framework. GNRC shall ensure that the performance, remuneration and consequence management frameworks are aligned with and support the objective of the responsibility mapping framework to foster good conduct and behaviour of senior management.

8.0 ROLES & RESPONSIBILITIES OF THE GNRC'S CHAIR

8.1 The Chair of the GNRC shall lead the Committee on the following²:-

- i. The succession planning and appointment of directors for the MBSB Group, and oversee the development of a diverse pipeline for Board and Management succession of the MBSB Group, including the future Chairman, Directors and GCEO/CEO; and
- ii. The annual review of Board effectiveness on a Group basis, ensuring that the performance of each individual director and Chairman of the Board are independently assessed.

9.0 RIGHTS OF THE GNRC

9.1 The respective Boards must ensure that whenever necessary and reasonable for the performance and its functions, the GNRC shall –

- i. be accorded with the resources which are required to perform its duties;
- ii. have full and unrestricted access to any information pertaining to the directors;
- iii. have direct communication channel with the key management staff of the People &

¹ *Responsibility mapping is applicable to MBSB Berhad, MBSB Bank Berhad and MIDF Amanah Investment Bank Berhad only.*

² *Refer to Malaysian Code of Corporate Governance 2021: G5.8*



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Culture Division and independent consultants engaged by MBSB Group;

- iv. be able to obtain independent professional or other advice or survey results on the remuneration packages for the Board of MBSB Group, SAC members or employees in similar industry on an annual basis (where applicable);
- v. the Committee is authorised to approve the expenses in connection with the appointment of independent professional advisors, the appointment of which shall be implemented by Company Secretary; and
- vi. be allowed to invite any director, executive, or other person to attend any meeting(s) of the Committee as it may from time to time consider desirable to assist the Committee in the attainment of its objective.

10.0 EVALUATION OF THE GNRC

- 10.1 An evaluation will be carried out annually by the respective Boards to assess the performance and effectiveness of the Committee in line with the need for Board effectiveness evaluation.
- 10.2 Where necessary, an external consultant will be engaged to assist in and to lend objectivity to the annual assessment.

11.0 QUORUM

- 11.1 The quorum for a meeting shall be majority of the Committee members, whereby a majority of members present must be independent Non-Executive Directors. The quorum must be maintained throughout the meeting.
- 11.2 Members/invitees may participate in any Committee meeting through telephone, live video or any other form of instantaneous communications equipment. A member so participating shall be deemed to be present in person at the meeting and shall be entitled to vote and be counted in a quorum accordingly.
- 11.3 The attendance sheet may be also circulated in hard copy or electronic form signed



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physically or digitally signed for record.

12.0 MEETING

12.1 Frequency of Meeting

- i. Meetings shall be held at least four times in a year or as and when required.
- ii. Apart from the scheduled meetings, the Chairman may call for meetings whenever necessary, or to call a meeting if requested to do so by the respective Boards or any Committee member or can be based on the advice of the GCEO/CEO.

12.2 Invitees

- i. As part of its duty to foster communication, Directors from the subsidiary companies, the GCEO, the Management Team, Group Chief Internal Auditor (GCIA) and Group Chief Compliance Officer (GCCO), Group Chief People Officer ("GCPO") or any other person(s) may be requested by the Committee are invited to attend the meetings for the purpose of briefing the Committee on the activities involving their areas of responsibilities.
- ii. The Committee member may invite one (1) representative from the respective entities to attend the meeting on a case-to-case basis.
- iii. While the Committee may invite any person to be in attendance to assist it in its deliberations, the Committee should also ensure that the members meet exclusively when necessary.

12.3 Decision Making

- i. The Chairman and the Committee shall report and update the respective Boards on significant issues and concerns discussed during the Committee meetings and where appropriate, make the necessary recommendations to the respective Boards.



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- ii. Questions arising at any Meeting of the Committee shall be decided by a majority of votes by members present at said Meeting.
- iii. The Chairman shall not have a casting vote. In the event of an equality of votes, the Chairman shall refer the matter to the respective Boards for its ultimate decision.

13.0 CONFIRMATION OF MEETING MINUTES

- 13.1 Confirmation of each meeting is by way of minutes of meeting.
- 13.2 Proper records of all decisions/ recommendations made for each Meeting, in which case minutes of each Meeting must be confirmed by the Chairman and members of Committee and signed by the Chairman. The minutes of each Meeting shall be retained and kept by the Committee's recording secretary as records. A copy of the confirmed minutes of Meeting of the Committee will be presented to the Chairman for notation.

14.0 CIRCULAR RESOLUTIONS

- 14.1 A Circular Resolution in writing circulated in hard copy or electronic form signed physically or digitally signed and approved by all members of the Committee shall be effective for all purpose as a resolution of the Committee passed at a Meeting duly convened and constituted.
- 14.2 All approvals obtained via Circular Resolutions must be recorded and notified at the subsequent Meeting by the Secretary.

15.0 CONFIDENTIALITY

- 15.1 No members of the Committee or any officers, employees or any persons attending any meetings of the Committee shall disclose any information which has been obtained by him/her in the course of his/her duties or in the course of the Committee meetings and which is not made public except:



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- i. For any purposes of any civil or criminal proceedings under any written law;
 - ii. For any purposes as required by any authority with regulatory powers over MBSB Group which includes but not limited to Bank Negara Malaysia, Securities Commission Malaysia, Bursa Malaysia Securities Berhad, and Companies Commission Malaysia;
 - iii. In respect of any information available to the public; or
 - iv. Where otherwise authorised by the respective Boards or the GCEO/CEO (or in his/her absence, the designated person authorized to hold the post or act on his/her behalf).
- 15.2 In relation to the confidentiality of information, the members must not misuse information obtained in the course of duties to derive personal gains or for any purpose other than that intended by MBSB Group.

16.0 CONFLICT OF INTEREST

- 16.1 Members must disclose all circumstances in which there may be a conflict of interest in any issues deliberated during meetings.
- 16.2 The interested member shall abstain from participating directly or indirectly in deliberating and decision-making process involving issues of which he/ she has an interest.

17.0 REVIEW OF TERMS OF REFERENCES

- 17.1 This Terms of Reference is required to be reviewed every three (3) years or as and when required.
- 17.2 The amendment to this Terms of Reference is subject to recommendation by GNRC and approval by the Board of MBSB.

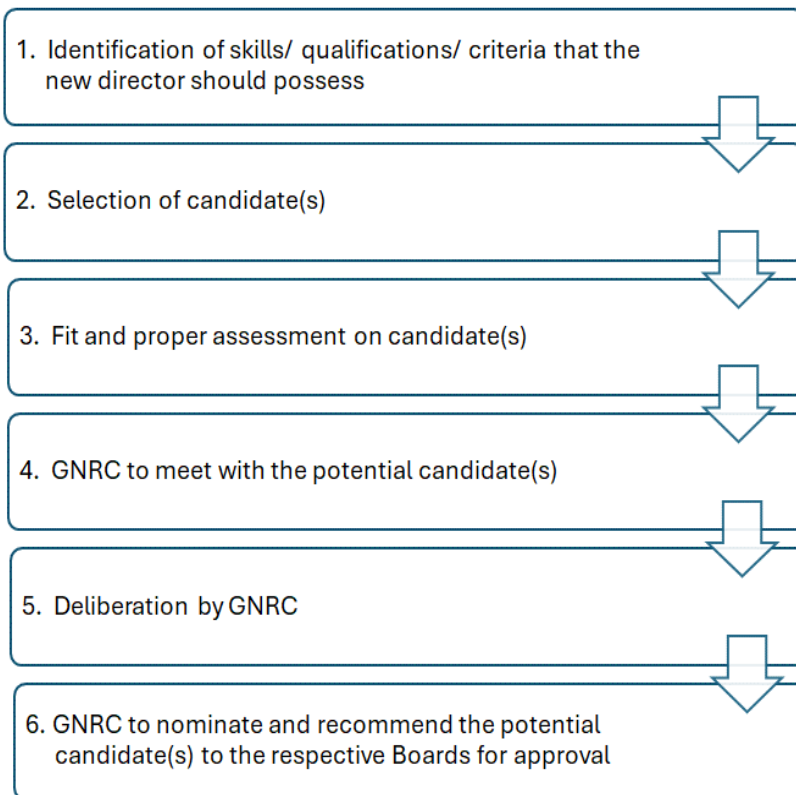


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Annexure 1

Process for the Appointment of Directors



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