



**TERMS OF REFERENCE OF
BOARD NOMINATION AND REMUNERATION COMMITTEE (“BNRC”)
BANK ISLAM MALAYSIA BERHAD (“Bank Islam” or “The Bank”)**

1. Introduction

Board Nomination and Remuneration Committee (“BNRC” or “the Committee”) is a Committee of the Board of Directors (“Board”). The BNRC is to support the Board in carrying out its function on the following:-

- (a) the appointments and removals, composition, performance evaluation & development and fit & proper assessments concerning the Board, the Shariah Supervisory Council (“SSC”) members and ¹Key Senior Management;
- (b) overseeing the design and operation of the Bank’s remuneration system and periodically review the remuneration of the Board, the SSC members, ¹Key Senior Management personnel and such other personnel as determined by the Board; and
- (c) overseeing the succession plan for directors, ²Group Chief Executive Officer, ¹Key Senior Management personnel and appointment of directors and Group Chief Executive Officer of the Bank and its subsidiaries (“Bank Islam Group”).

¹Key Senior Management refers to the Group Chief Executive Officer, Group Chief Operating Officer, Group Chief Financial Officer, Group Chief Business Officer of Group Retail Banking, Group Chief Business Officer of Group Institutional Banking and Group Chief Digital Officer.

²The Group Chief Executive Officer should include the designation Group Managing Director.

2. Authority

The Committee shall have the authority to deliberate and approve on matters within its primary duties and responsibilities in line with the Authority Limits document or such limits as may be determined by the Board from time to time. During the discharge of such duties, the Committee shall have access:-

- (a) to the full company records, properties and personnel;
 - (b) Review and recommend to the Board any appointment of such person, consultants or advisors to undertake any specific projects or as advisor to the Board; and
 - (c) to the advice and services of the Company Secretary.
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- 3. Primary Duties and Responsibilities** The primary duties and responsibilities of BNRC include the following:-
- 1. NOMINATION**
- (a) Review the structure, size and composition of the Board of Bank Islam Group and the SSC (any reference to the SSC will include the Shariah Committee at the subsidiaries) where relevant and make recommendations to the Board on any necessary adjustments including in terms of the appropriate size and required skill sets. In the case of the Board, particular attention in maintaining the balance between Executive Directors, Non-executive Directors and Independent Directors.
 - (b) Review and recommend to the Board the fit and proper criteria of a director, SSC member, Group Chief Executive Officer and Key Senior Management.
 - (c) Perform the fit and proper assessment on the nominees for directorship, membership in Board committees and SSC, the Group Chief Executive Officer and Key Senior Management and make appropriate recommendation to the Board.
 - (d) Recommend to the Board the removal of any directors, SSC members, the Group Chief Executive Officer and Key Senior Management from the Board/Committee/Management if they are ineffective, errant and negligent in discharging their responsibilities.
 - (e) Make recommendations to the Board on:
 - (i) review to the organisation structure of the Bank;
 - (ii) succession plan for directors, Group Chief Executive Officer, SSC members and Key Senior Management personnel at Bank Islam and the overview of the succession plan for directors and the Group Chief Executive Officer of Bank Islam Group
 - (iii) re-appointment of any directors or SSC members at the conclusion of his specified term of office as approved by Bank Negara Malaysia ("BNM") or as determined by the Board of the subsidiaries;
 - (iv) nomination of a director and Group Chief Executive Officer;
 - (v) any policies related to directors including policies on Tenure of Directorship, Directors' Training, and Rotation in Board Committee and Senior Independent Director;
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**TERMS OF REFERENCE OF
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- (vi) appointment of a Senior Independent Director and review in Board Committee composition based on the specified criteria; and
- (vii) recruitment, appointment, removal, promotion, extension, renewal of service, including the transfer and secondment for Key Senior Management position.
- (f) Assess the conduct / manner of the nominee directors in exerting the influence of the shareholder before making any recommendation to the Board on his/her re-appointment.
- (g) Approve any request for directors to attend training overseas.

2. REMUNERATION

- (a) Review and recommend to the Board the overall remuneration policy for directors, SSC members, Managing Director, Key Senior Management personnel and such functions as determined by the Board to ensure appropriate incentives to encourage enhanced performance, commitment to sustainability (including climate), and the incentives commensurate with their contribution and level of responsibility and is sufficient to attract and retain directors / Group Chief Executive Officer / Key Senior Management of caliber.
- (b) Review and recommend to the Board specific remuneration package for the directors, SSC members, Group Chief Executive Officer and Key Senior Management personnel.
- (c) Within the terms of the agreed remuneration policy and based on the individual performance, determine the total individual remuneration package for the personnel including where appropriate bonuses, incentive payments, etc.
- (d) Make recommendation to the Board in relation to any review to employee remuneration and benefit structures including bonuses and performance related pay schemes to ensure alignment throughout the Bank.
- (e) Make recommendation to the Board on the Retrenchment, Voluntary Separation Scheme and Mutual Separation Scheme or similar scheme.
- (f) The Committee shall also undertake such other duties and responsibilities as determined by the Board of the Bank.



**TERMS OF REFERENCE OF
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3. OTHERS

- (a) Make recommendation to the Board on the Divisional Scorecard including the setting of the appropriate performance target parameters for each of financial year.

4. Composition

- (a) The Committee members shall be appointed by the Board.
- (b) Pursuant to BNM Corporate Governance Policy issued on 3 August 2016 and MCCG 2021, the Committee must:-
- (i) have at least three (3) directors;
 - (ii) have a majority of independent directors;
 - (iii) be chaired by a Senior Independent Director;
 - (iv) comprise directors who have the skills, knowledge and experience relevant to the responsibilities of the Committee; and
 - (v) must not have any executive director.
- (c) Based on recommendations by the Malaysian Code of Corporate Governance 2021 (MCCG 2021), Chairman of the Board shall not be a member of the Committee.
- (d) The Group Chief Executive Officer and the Group Chief Human Resources Officer or any other officer of the Bank may be invited to attend the Committee meeting as and when considered appropriate by the Committee.

5. Secretary

The Company Secretary of the Bank or such other person as appointed by the Committee shall be the Secretary of the Committee.

6. Frequency of meetings

The Committee meeting shall be convened as and when necessary, to coincide with the Board meetings or such time as the Chairman of the Committee shall require. In any event, the BNRC shall meet at least once a year to deliberate on its responsibilities.

7. Notice of Meetings

- (a) Unless otherwise agreed by the members, the notice for each meeting confirming the venue, date and time together with the agenda of the meetings shall be forwarded to each member of the Committee at least seven (7) working days prior to the date of the meeting.

**TERMS OF REFERENCE OF
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- (b) In addition to the scheduled meeting, the Secretary shall convene any special meeting upon receipt of request from the Chairman/directors by giving a reasonable notice of the meeting of not less than two (2) working days.
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- 8. Quorum for meetings**
- (a) The quorum for meeting shall be at least 50% of the total members.
- (b) Any member who participates in the meeting via tele-conferencing device shall be counted for the purpose of determining a quorum.
- (c) A director interested in a contract, or a proposed contract or arrangement shall be counted for the purpose of determining a quorum. However, he/ she must abstain from participating in discussions and decisions on matters directly involving him/ her *[extracted from the Bank's Constitution]*.
- (d) In the event the Chairman is unable to attend the Committee meeting, the members present may elect any one of the independent directors present (who is not the Chairman of the Board) to be the Chairman of the meeting.
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- 9. Decision-Making**
- All decisions and/or approvals are to be made on unanimous basis, whilst always adhering to the quorum for meeting.
- Notwithstanding the above, the Chairman shall call for a vote of the members if the circumstances warrant for a vote where the decision shall be carried out based on the majority. In the event of equality of vote, the Chairman shall have a casting vote.
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- 10. Attendance**
- Each member of the Committee is required to attend at least 75% of the Committee meetings held each financial year.
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- 11. Written Resolution**
- (a) Decision by the Committee may be made via written resolution.
- (b) Consent from the Chairman shall be obtained prior to the circulation of any written resolution.
- (c) Decision made via written resolution is deemed effective after being executed by all members who are present in Malaysia.
- (d) All decisions and/or approvals made via written resolution shall be presented at the subsequent Committee meeting for notation.
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12. Minutes of Meetings

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- (a) The Secretary shall minute the proceedings and resolutions of all meetings of the Committee.
 - (b) Minutes of meetings shall be submitted to the Board for notification in such a format as determined by the Board.
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13. Review of the Terms of Reference

The Board may review the Terms of Reference of the Committee once every two (2) years or as and when is necessary.
