



# Terms of Reference for the Nominating and Remuneration Committee ("Committee" or "NRC")

Deutsche Bank (Malaysia) Berhad  
(As of January 30, 2024)

## 1. Scope and responsibilities

### 1.1 Mission

The Committee was first established by the Local Board of Directors ("Delegating Person").

Its mandate is:

- To provide a formal and transparent procedure for the appointment and re-appointment of directors, Shariah Committee members and CEO as well as annual assessment of effectiveness of individual directors, Board as a whole and its various Board Committees;
- To evaluate annually, the contribution of each director and to determine whether a director is independent and performance of CEO and key Senior Management officers; and
- Developing remuneration policy for directors, Shariah Committee members, CEO, Senior Management and overall DBMB to ensure that compensation is competitive and consistent with the licensed institution's risk culture, objectives and strategy.

The Chairperson is empowered by the Delegating Person to set up the structure of the Committee, incl. membership, taking into account its aim and its tasks as set forth herein.

### 1.2 Tasks and responsibilities

The Committee is tasked by the Delegating Person with the following tasks and responsibilities:

- To establish minimum requirements for the Board i.e. required mix of skills, experience, qualification and other core competencies required of a director. The committee is also



responsible for establishing minimum requirements for the CEO. The requirements and criteria should be approved by the full Board;

- To assess and recommend to the Board the nominees for directorship, Board committee members as well as nominees for the CEO and Shariah Committee. This includes assessing directors and Shariah Committee for re-appointment, before an application for approval is submitted to Bank Negara Malaysia. In considering the appointment of a CEO or nominees for directorship and Shariah Committee, the Board shall take into consideration the requirements of the regulator and the recommendation of the representatives of the Shareholder, whether at a regional or global level;
- To oversee the overall composition of the Board, in terms of the appropriate size and skills and the balance between executive directors, non-executive directors and independent directors through annual review. Such composition of the Board shall always include two representatives of the Group's Regional Management;
- To recommend to the Board the removal of a director/CEO from the Board/Management team if the director/CEO is found to be ineffective, errant and negligent in discharging their responsibilities;
- To establish a mechanism for the formal assessment on the effectiveness of the Board as a whole and the contribution of each director to the effectiveness of the Board, the contribution of the Board's various committees, determine whether a director is independent and the performance of the CEO and other key Senior Management officers;
- To recommend the remuneration of the Shariah Committee members for the full Board's approval and that the remuneration shall commensurate and reflect the roles and responsibilities of the Shariah Committee;
- To ensure that all directors receive an appropriate continuous training programme in order to keep abreast with latest developments in the industry;
- To oversee the appointment, management succession planning and performance evaluation of key Senior Management officers and Shariah Committee members;
- To recommend to the Board the removal of key Senior Management officers if they are ineffective, errant and negligent in discharging their responsibilities;
- To assess on an annual basis, that the directors and key Senior Management officers continue to be "Fit and Proper" persons and are not disqualified under section 59 & 60 of the FSA and section 69 & 70 of the IFSA;
- To recommend a framework of remuneration for directors, Shariah Committee members, CEO and key Senior Management officers for the full Board's approval. The remuneration framework should support the licensed institution's risk culture, objectives and strategy and should reflect the responsibility and commitment, which goes with Board membership and responsibilities of the CEO and Senior Management officers. There should be a balance in determining the remuneration package, which should be sufficient to attract and retain directors of caliber, and yet not excessive to the extent the licensed institution's funds are used to subsidise the excessive remuneration packages. The framework should cover all aspects of remuneration including director's fees, salaries, allowances, bonuses, options and benefits-in-kind;
- To review and recommend the preliminary performance of DBMB and provide feedback/ recommendations on the compensation level of DBMB to the Group's APAC Regional Office to ensure rewards are aligned with DBMB's performance and local industry benchmarks;



- To recommend specific remuneration packages for executive directors and the CEO. The remuneration package should be structured such that it is competitive and consistent with the licensed institution's culture, objectives and strategy. Salary scales drawn up should be within the scope of the general business policy and not be dependent on short term performance to avoid incentives for excessive risk taking. As for non-executive directors and independent directors, the level of remuneration should be linked to their level of responsibilities undertaken and contribution to the effective functioning of the Board. In addition, the remuneration of each Board member may differ based on their level of expertise, knowledge and experience.
- To recommend the appointment, remuneration and termination of the Head of Compliance for the full Board approval.
- Periodically review the remuneration of directors on the board, particularly on whether remuneration remains appropriate to each director's contribution, taking into account the level of expertise, commitment and responsibilities undertaken.

## 2. Membership

### 2.1 Chairperson and Vice-chairperson

The Board appointed Chairperson for the NRC will act as Chairperson of the Committee.

The Board appointed Vice-chairperson for the NRC will act as Vice-chairperson of the Committee. In the Chairperson's absence or upon the Chairperson's request, all roles and responsibilities as defined herein shall be delegated to the Vice-chairperson.

The Committee should be chaired by an independent director.

### 2.2 Further Members with voting rights

The NRC shall comprise only non-executive directors (except where approved by Bank Negara Malaysia).

The Board shall nominate a minimum of three Members, of which majority should be independent directors.

Further Members with voting rights, together with the Chairperson and the Vice-chairperson (as applicable) the "Voting Members", are listed in Annex 1.

### 2.3 Members without voting rights

The Committee has no Non-voting Members.

### 2.4 Guests / Advisors

The Chairperson of the Committee may allow guests to join a particular meeting of the Committee or parts of it, provided there is due justification.

### 2.5 Membership size

The Committee should not have at any time less than three Members.



## 2.6 Maximum Tenure

The maximum tenure of independent directors / Members of the Committee shall be capped at 9 years, subject to the approval by the Board and Bank Negara Malaysia.

## 2.7 Deputies and Delegates

Deputies and Delegates, i.e. permanent representatives, of Members are not accepted.

## 2.8 Member Selection

The Chairperson is responsible for the Committee composition and has to ensure appropriate representation of expertise required to fulfil the committee's mandate and regulatory requirements.

Changes to the membership trigger a general review of the terms of reference ("ToR") in accordance with section 8.

## 2.9 Qualifications

All Members must have the appropriate expertise to sit on the Committee. Should Members have any doubt on this point, they must promptly notify the Chairperson who shall take appropriate measures.

## 2.10 Conflict management

All Members must promptly notify the Chairperson should they believe their involvement with a particular issue may fairly give rise to an actual or perceived conflict of interest. If the Chairperson agrees that an actual or perceived conflict is likely to exist, the Chairperson shall decide whether the Member affected is in a position to attend the meeting, while abstaining from discussing the respective issue and / or the decision-making process or whether the respective Member shall leave the meeting (or video conference or call), while discussion of the issue takes place. As to potential conflicts involving the Chairperson, the same process shall apply except that the Chairperson shall appropriately consider and weigh the facts potentially leading to a conflict together with the Vice-chairperson and on that basis decide whether he / she is in a position to attend the respective meeting and / or to discuss or vote the respective issue.

# 3. Secretary

The Chairperson shall appoint a Secretary of the Committee who must not be a Member but has the responsibility for, among other things, preparing and coordinating the meetings, including information of Committee Members in case decision shall be taken outside of scheduled meetings (see section 4.3), timely distribution of documents (see section 6.2), taking minutes (see section 6.3), maintaining a log of actions / issues, reporting to the Committee on any open action items and following up with Members on any deliverables (see section 6.6). The Secretary shall also be responsible for ensuring the retention of all key committee documents, including agendas, minutes, log of actions / issues and an appropriate usage of relevant governance tools.

The appointment and removal of the company secretary must be approved by the Board.



## 4. Decision-making procedures

### 4.1 Quorum

Decisions of the Committee shall only be taken if the Chairperson on duty and at least 50% of the remaining Voting Members are deemed present in accordance with section 5.3 or have participated in the decision-making process in accordance with section 4.3.

No decisions shall be made without the quorum being reached. Non-quorate meetings held may only serve information sharing and decision-preparing purposes.

### 4.2 Majority requirements

Decisions of the Committee are taken by a majority of the votes cast.

### 4.3 Decision-making

Decisions may be taken during scheduled meetings (see section 5.1). At the discretion of the Chairperson, decisions may also be taken using a different process (e.g. electronically by email circular, by telephone or by using equivalent technical means).

Voting Members can abstain from voting in particular if preparatory documents are not distributed in a timely manner prior to the meeting in accordance with section 6.2. Alternatively, the Chairperson may decide to postpone the relevant agenda item. Both scenarios have to be reflected in the minutes.

### 4.4 Veto rights

The Chairperson has the right to veto any decision of the Committee until the minutes of the meeting are final, provided that the decision has not yet been executed or consequences have become irrevocable. In case of an urgent decision which cannot be delayed, the veto right of the Chairperson can only be exercised during the meeting.

The responsibility for a decision vetoed, an appropriate follow-up and closure of the issue lies with the Chairperson.

If the Chairperson vetoes a decision which had received positive votes of at least 75% of the Voting Members, the veto of the Chairperson will cause the matter to escalate to the Delegating Person or (in case the Delegating Person and the Chairperson are identical) the responsible person whose direct report the Chairperson is. Section 6.5 applies accordingly.

If the Chairperson, on behalf of the Committee, exercises a veto right, because a decision / declaration of intent notified by a business division or infrastructure function creates a material risk for DBMB, such veto provides for an interim stop of the decision and causes the matter to escalate to the responsible person whose direct report the Chairperson is, as well as to the delegating person of the person / decision making body that notified the decision / declaration of intent.

### 4.5 Procedure in the event of a tie

In the event of a tie, the vote of the Chairperson decides.



## 5. Meetings

### 5.1 Frequency

Meetings shall be held at least once a year with a view to discussing the above issues or such other times as the NRC deems appropriate.

### 5.2 Length of meetings

Meetings should have a maximum length of three hours. The Chairperson may allow an extension to the permitted meeting length in exceptional cases.

### 5.3 Attendance

Members must attend at least 75% of the board meetings held in each financial year.

Attendance by way other than physical presence, remains the exception rather than the norm, and is subject to appropriate safeguards to preserve the confidentiality of deliberations.

## 6. Committee operations

### 6.1 Agenda

The Members will forward to the Secretary any issues which they want to be subject to discussion and / or decision at the next meeting. The Chairperson shall set the agenda for each meeting taking into account the issues communicated by the Members or other interested parties as well as any other issues the Chairperson deems relevant. A written agenda will be made available to the Members (and other attendees, as the case may be) in advance of each meeting in accordance with section 6.2.

### 6.2 Submission of documents

To ensure a sufficient preparation time, the meeting agenda and other documents prepared for the meeting should be distributed at least (considering the volume of documents) at least five calendar days in advance of the meeting to the Members (and to the other attendees, as the case may be). The Chairperson may grant exceptions to this requirement in case of extraordinary ad-hoc meetings or in case Committee operations, including decisions, require latest information. In any case, the Members must be given reasonable time to review the documentation, Section 4.3 para 2 applies accordingly.

### 6.3 Minutes

The Secretary shall take written minutes of each meeting. Such minutes shall include the names of each attendee, all decisions taken and the major discussion points.

In drafting minutes, the Secretary takes special care that minutes are accurate and complete, contain no unnecessary information, and are appropriate for potential disclosure.



#### 6.4 Notification, Information and Periodic Reports

The Chairperson ensures that notice of any decision, decision preparation or declaration of intent with a material impact on (the decision-making of) other committees, position holders or functions are provided to whom it may concern, in a timely manner through a designated Member. The notification obligation shall be minuted accordingly.

#### 6.5 Escalation process

The Chairperson ensures that issues the Committee cannot resolve, issues that remain to be decided as a consequence of a veto in accordance with section 4.4 or issues that need ratification are escalated to the higher instance latest within one month of the day the issue occurred. Escalated issues shall be clearly referred to in the minutes and addressed in the log of actions / issues.

Section 4.4 remains unaffected.

#### 6.6 Tracking of open issues

The Secretary is responsible for tracking open issues to ensure closure. In order to ensure that all Members of the Committee are aware of the status, the Secretary will distribute the updated open issue list together with the finalized minutes (see section 6.3).

As a rule, meeting agendas should include updates as to progress on open issues.

#### 6.7 Role of the Chairperson

The Chairperson represents at all times within the scope of which the Committee is established. The Chairperson is accountable within the Committee with regards to organization of the procedures, tracking of tasks and communication with the Delegating Person. The responsibility of all Members for the appropriate performance of their tasks remains unaffected.

Among other things, the Chairperson must:

- ensure that decisions are taken on a well-informed and sound basis;
- encourage critical discussion and welcome dissenting views (constructive challenge);
- take steps to foster a culture where Members and guest are encouraged to raise concerns without fear of reprisal; and
- ensure compliance with these ToR and relevant policies.

## 7. Efficiency evaluation

The Chairperson ensures that the Committee regularly evaluates the efficiency of its activities.



## 8. Review of the Terms of Reference

The ToR and the composition of the Committee are reviewed by the Chairperson together with the Secretary on an annual basis or if required due to current developments and amended where necessary in accordance with section 2.8.

All changes to the ToR shall be addressed to Global Governance at the earliest opportunity.

Other changes to the ToR can be made by the Chairperson in accordance with the provisions of these ToR.





## Annexes

### Annex 1: List of NRC Members and Secretary

Member name
Chairperson
Madam Koid Swee Lian
Vice Chairperson
Mr Chong Kin Leong
Member
Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin
Secretary
Mr Prasad Poojary