CREDIT GUARANTEE CORPORATION MALAYSIA BERHAD

TERMS OF REFERENCE

BOARD NOMINATION AND REMUNERATION COMMITTEE

1. MANDATE

1.1 Pursuant to Article 96 of the Corporation's Article of Association, the Board of Directors ("Board") may delegate any of its powers to committees, consisting of any member of the Board of Directors ("Board Members"). Any committees so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the Board.

2. OBJECTIVE

2.1 In line with the mandate, the Board Nomination and Remuneration Committee ("BNRC") is formed with the objectives to assist the Board on:-

(i) the appointment and remuneration of Directors and Chief Executive Officer and/or Executive Director (if any) (*shall refer to Managing Director, Chief Executive Officer or any other designation thereof*) as well as the assessment of effectiveness of individual Directors, Board, Board Oversight Committees and the assessment on the performance of Chief Executive Officers and/or Executive Directors (if any) and Senior Management Officers;

(ii) the Corporation's key policies, strategies and practices on human resources, management succession plans, performance and reward system, business conduct and ethical behaviour of the employees.

3. COMPOSITION

3.1 The BNRC shall comprise of at least three (3) Non-Executive Directors as its Members ("BNRC Member/s")

3.2 The appointments to the BNRC shall be made by the Board.

3.3 The Board shall appoint the Chairman of the BNRC ("Chairman") who is either the Chairman of the Board or other Independent Non-Executive Director.

3.4 In the absence of the Chairman, the remaining BNRC Members present shall elect the Non-Executive Director among themselves to chair the BNRC Meeting.

4. SECRETARY

4.1 The Company Secretary or his/her nominee shall act as the Secretary of the BNRC ("Secretary").

5. QUORUM

5.1 The quorum necessary for the transaction of business shall be three (3) with at least two (2) members present in person at the meeting and one of whom must be an Independent Non-Executive Director.

6. FREQUENCY AND ATTENDANCE

6.1 The BNRC Meeting shall be held at least two (2) times each financial year, one in every six (6) months or at any such number of time(s) as the Board requires or as the BNRC Members may deem necessary to fulfill the BNRC's responsibilities.

6.2 The BNRC Meetings will be scheduled in advance before the end of the current financial year to enable the BNRC Members to plan ahead and accommodate the next year's BNRC Meetings into their respective meeting schedules.

6.3 The BNRC Member must attend at least 50% out of the total number of the BNRC Meetings held.

7. PROCEEDINGS

7.1 The BNRC Meeting may be summoned by the Chairman or the Secretary on requisition of any BNRC Members.

7.2 The time and place of the BNRC Meeting will be determined from time to time by the BNRC Members.

7.3 A reasonable prior written Notice of Meeting shall be given to each BNRC Member, preferably seven (7) working days before the date of the BNRC Meeting. The Notice of Meeting may be waived subject to the written consent of all BNRC Members.

7.4 Only BNRC Member has the right to attend BNRC Meetings. However, the Chief Executive Officer and/or Executive Director (if any) or any other persons may be invited to attend the BNRC Meeting as BNRC may deem appropriate and necessary.

7.5 The Secretary, in consultation with the Chairman, shall draw up the BNRC Meeting Agenda (together with the associated material) for circulation to each BNRC Member, preferably seven (7) working days before the date of the BNRC Meeting.

7.6 The BNRC papers, proposal and reports shall clearly address the background, objective, key issues, rationale, impact and other relevant information to enable the BNRC Members to make an informed and effective decision or recommendation to the Board.

7.7 The Board Members shall have access to all information within the Corporation and the advice of consultant / advisor.

7.8 Members of the Committee may attend the Meeting via video conference, internet conference or telephone conference, and the Chairman of the meeting shall be one of the Committee Members physically present at the Meeting.

7.9 Unless otherwise decided by the BNRC Members, the BNRC Meeting session shall be electronically recorded.

7.10 The BNRC Member must declare at BNRC Meeting if the BNRC Member or his/her family (whether directly or indirectly):-

(i) has interest in the Corporation's contract or proposed contract; OR

(ii) hold any interests, offices or possesses properties relating to any matters deliberated in the BNRC Meeting which will be or is in conflict with his/her duties as the Director of the Corporation (conflict of interest);

"family" shall include the director's spouse, parent, child (including adopted child and stepchild), brother, sister and the spouse of his child, brother or sister

7.11 In the event of declared interest by the BNRC Member:-

(i) the Secretary shall minute the declaration;

(ii) the relevant BNRC Member shall not participate in the discussion at the BNRC Meeting; and

(iii) the relevant BNRC Member shall not vote on the interested matter (but will still be counted for quorum)

7.12 Each BNRC Member is entitled to one (1) vote in deciding the matters deliberated in the BNRC Meeting.

7.13 The decision that gained the majority votes shall be the decision of the BNRC.

7.14 In the event of an equality of votes, the Chairman shall be entitled to a second or casting vote.

8. MINUTES

8.1 The Secretary shall minute the name of BNRC Member present and in attendance, the proceeding, deliberation and resolution made at BNRC Meeting including dissenting view, recommendation, decision and directive ("BNRC Minutes") in the BNRC Minutes Book.

8.2 The draft copy the BNRC Minutes duly approved by the Chairman will be circulated to the BNRC Members within seven (7) working days from the date of the BNRC Meeting.

8.3 Upon approval by the BNRC Members, the fair copy of the BNRC Minutes shall be executed by the Chairman or the Chairman of the next BNRC Meeting.

8.4 The duly executed Board Minutes will be entered in the statutory Corporation's BNRC Minutes Book within fourteen (14) working days from the date of the BNRC Meeting.

9. CIRCULAR RESOLUTION

9.1 In between BNRC Meetings, approvals or recommendations by BNRC on urgent or important business matters may be made via Circular Resolution enclosing all relevant information to enable the BNRC Members to make informed decisions.

9.2 The Circular Resolution may consist of several documents in the like form, each signed by one (1) or more BNRC Members. The expressions "in writing" or "signed / executed" include approval by legible confirmed transmission by facsimile, telex, cable, telegram or other forms of electronic communications.

9.3 The Circular Resolution in writing duly executed by ALL BNRC Members shall be as effective for all purposes as a resolution passed at BNRC Meeting duly convened, held and constituted. The date of the Circular Resolutions shall be the date on which the last BNRC Member executed the Circular Resolution. All Circular Resolutions executed by the BNRC Members shall be tabled for notation at the next BNRC Meeting.

10. DUTIES AND RESPONSIBILITIES

10.1 The BNRC duties and responsibilities can be categorized into:-

(i) conducting review, assessment and making recommendation to the Board for decision on matters covered under this TOR or on any other such matters as may be directed by the Board; and

(ii) exercising its power to decide on behalf of the Board as mandated under this TOR.

10.2 **Review, Assessment and Recommendation**

The BNRC is responsible to report to the Board on the review, assessment and recommendation of the following matter:-

(i) overall composition of the Board, in terms of the appropriate size, skills and the balance between Chief Executive Officer and/or Executive Director (if any), Non-Executive Directors and Independent Directors;

(ii) minimum requirements for the Board, the required mix of skills, experience, qualification and other core competencies required of a Director;

(iii) minimum requirements for the Chief Executive Officer and/or Executive Director (if any), the required mix of skills, experience, qualification and other core competencies required of a Chief Executive Officer and/or Executive Director (if any);

(iv) nominees for Directorship, Board Oversight Committees Membership, Chief Executive Officer and/or Executive Director (if any) and the Company Secretary (where applicable the assessments for reappointment);

(v) framework of remuneration for Directors and Chief Executive Officer and/or Executive Director (if any) for the Board's approval whereby the framework will cover all aspects of remuneration including director's fees, salaries, allowances, bonuses and benefits-in-kind;

(vi) mechanism for 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 Oversight Committees and the performance of the Chief Executive Officer and/or Executive Director (if any) whereby the annual assessment will be conducted based on objective performance criteria which is approved by the Board;

(vii) removal of Director or Chief Executive Officer and/or Executive Director (if any) from the Board or Management if the Director or Chief Executive Officer and/or Executive Director (if any) is ineffective, errant and negligent in discharging his/her responsibilities; and

(viii) Corporation's key human resource policies, strategies, performance and reward system to foster ethical employee business conduct and behaviour, employee commitment to the operations of the Corporation and a high degree of employee satisfaction.

For avoidance of doubt, the BNRC is not delegated with decision-making powers for the above matters but is required to report its recommendation to the Board for decision.

10.3 **Decision Making Mandates**

The BNRC is empowered by the Board to review, decide and /or approve on the following matters:-

(i) minimum requirements, required mix of skills, experience, qualification and other core competencies, terms and conditions of the employment contracts for the Senior Management Officers;
"Senior Management Officers" shall refer to the Chief Officers or any other officers who report directly to Chief Executive Officer and/or Executive Director. For avoidance of doubt, Senior Management Officers do not include Chief Executive Officer and/or Executive Director.

(ii) appointment, termination or renewal of the contract of employment, the management of succession planning and the performance evaluation of Senior Management Officers;

(iii) minimum requirement, appointment, termination, contract of employment, the succession planning and the performance evaluation of Senior Vice President which are duly delegated to the Chairman of the BNRC AND the Chief Executive Officer and/or Executive Director;

(iv) minimum requirement, appointment, termination, contract of employment, the succession planning and the performance evaluation of permanent contract employees which are duly delegated to the Chief Executive Officer and/or Executive Director*;*

(v) implementation and review on the Directors Training Program in order for the Directors to keep abreast with the latest developments in the industry; and

(vi) engagement of consultant / advisor to provide professional service and information in the furtherance of BNRC duties at the Corporation's expense, so as to ensure the BNRC Members are able to make informed decisions and recommendation to the Board.

For avoidance of doubt, any matters not covered under the Decision Making Mandates will be recommended by BNRC for Board's decision.

11. REPORTING TO THE BOARD

11.1 The Chairman shall report to the Board on material matters arising at BNRC Meetings, on all matters within the BNRC's purviews and, where applicable, shall present BNRC's recommendations to the Board for Board's decision / approval.

12. ANNUAL GENERAL MEETING

12.1 The Chairman or his/her nominee is required to attend the Corporation's Annual General Meeting (or Extraordinary General Meeting) to answer any Shareholder's questions on the BNRC's activities.

13. OTHER PROVISIONS

13.1 Unless otherwise restricted under the law, the Corporation's Articles of Association or the Board, nothing herein shall restrict the BNRC from delegating specific responsibilities to the Management or any person.

13.2 The decision made by the BNRC Members shall be communicated to the Management in due course to ensure that the decisions and directions are executed in a timely manner.

13.3 This TOR may be amended by the Board from time to time in order to retain its usefulness.