



MALAYSIAN RATING CORPORATION BERHAD  
199501035601 (364803-V)

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**NOMINATION AND  
REMUNERATION COMMITTEE  
TERMS OF REFERENCE**

Version 4.0

**1. Introduction**

The Term of Reference sets out the specific role and responsibilities delegated by Malaysian Rating Corporation Berhad's ("MARC" or the "Company") Board of Directors ("Board") to the Nomination and Remuneration Committee ("NRC") and details the manner in which the NRC operates.

**2. NRC's Philosophy**

The NRC believes that it is in the interest of the Company and its stakeholders to seek, bring and retain the best talents qualified onto the Board and Management of the Company, consistent with criteria approved by the Board.

**3. Standing Rules for MARC Board Committees**

The Standing Rules for MARC Board Committees apply to the NRC are incorporated into this Terms of Reference, save as expressly varied by this Terms of Reference.

**4. Purpose**

The purpose of the NRC is as follows: -

- (i) assess, review and recommend to the Board suitable candidates for the appointment of the Group Chief Executive Officer ("GCEO"), Directors as well as Rating Committee ("RC") Members of MARC.
- (ii) assess, review and recommend to the Board regarding remuneration matters of the GCEO, Directors, as well RC Members of MARC.
- (iii) review recommendations of remuneration payouts based on evaluation of annual performance of Division Heads carried out by the GCEO.

**5. Objective**

The objectives of the NRC are as follows: -

- (i) To provide oversight of:
  - The identification of qualified individuals to be appointed as GCEO.
  - A robust and effective process for evaluating and assessing the performance of the Board, the Board Committees, the RC, individual Directors and GCEO.
  - An appropriate structure of Board, Board Committees and RC.
- (ii) To ensure that the Company's remuneration policies and practices:
  - are reasonable and fair;
  - reward for performance;
  - attract and retain high calibre staff;
  - are in line with the current governance and regulatory requirements;
  - are managed to mitigate against operational, financial, regulatory and reputation risk.

**6. Powers of the NRC**

- 6.1 The NRC has power to deal with, and where applicable resolves, determine finally and approves, all matters falling within the scope of its purpose and duties as set out in this Term of Reference and all other matters that may be delegated by the Board to the NRC from time to time.

**7. Ambit of the Responsibilities of the NRC****7.1 Appointments to Board, Board Committees and RC**

- Makes recommendation to the Board from time to time as to changes that the NRC believes to be desirable to the size and composition of the Board, Board Committees and RC taking into account relevant guidelines/legislative requirements in relation to the Board, Board Committees and RC composition, membership requirements. Other considerations include MARC's strategic goals and appropriate diversity within the Board including in relation to matters such as skills, tenure and experience, as set out in MARC's Nomination Policy.
- Review on a regular and continuing basis succession planning for the Chairman of the Board, and make recommendations to the Board as appropriate.

**7.2 Performance Reviews**

- Review and approve procedures for the oversight and evaluation of the performance of the Board, the Board Committees, independence of independent directors and the RC.
- Ensure the Board conducts an annual assessment of the performance of the Board and its committees as well as the individual performance of its directors. Prepare a report relating to Board performance as a whole and the directors individually including any pertinent recommendations, which is then discussed by the Board.
- Assess and recommend to the Board the respective trainings for Board Members to ensure effectiveness in discharging their duties and responsibilities.

**7.3 GCEO Appointment, Termination and Succession Planning**

- Review and recommend to the Board, the GCEO's appointment and termination.
- Oversee the leadership succession planning process for GCEO and recommend to the Board.

**7.4 GCEO's Remuneration**

- Recommend to the Board the terms and conditions of the GCEO's employment contract, including annual remuneration, incentives, benefits, superannuation, retirement and termination compensation;
- Review and recommend to the Board annually, the GCEO's performance with due consideration to the GCEO's individual contributions and company targets.

#### 7.5 Senior Management's Remuneration

- Apprised of the increments and bonuses of Division Heads as recommended by GCEO and if necessary moderates the recommendations.
- Apprised of the increments and bonuses of the GCEO as recommended by the Chairman of the Board and if necessary moderates the recommendations for the Board's approval.

#### 7.6 Non-Executive Director and RC Members' Remuneration and Benefits

- Seek independent external advice on non-executive director remuneration to mitigate any potential conflict of interest.
- Review, at least once in every two (2) years, the remuneration packages of non-executive directors, including that of the non-executive chairman that is consistent with law and corporate governance principles.
- Review and propose to the Board the level of remuneration and non-monetary benefits (where applicable) for non-employee members of the RC members.
- Review and recommend to the Board the fixed committee fees to be paid to members of board committees with regard to the competencies, effort and scope of work required by the members of each committee.
- Ensure shareholder approval is sought where appropriate on fees payable to the Board.

### **8. Membership**

- 8.1 All members of the NRC and its Chairman shall be appointed by the Board. The NRC shall be composed of a majority of Independent Non-Executive Directors.
- 8.2 In the absence of the Chairman of the NRC, the remaining members present shall elect one of themselves to chair the meeting. The Chairman of the Board shall not be Chairman of the NRC.
- 8.3 A quorum is two (2) members of the NRC.
- 8.4 The Company Secretary shall act as the Secretary of the NRC.

### **9. Meetings and Reporting Responsibilities**

- 9.1 The NRC shall meet at least once annually and more often if required.
- 9.2 The Company Secretary will issue notices of meetings of not less than five (5) days and forward meeting papers of not less than five (5) days prior to any NRC meetings.
- 9.3 A circular resolution in writing signed by majority members of the NRC shall be valid and effectual as if it had been passed at a meeting of the NRC duly convened and held. Any such resolution may consist of several documents in like form each signed by one or more of the NRC members. The signatures of such NRC members and/or indication of their consent/dissent may be transmitted via email, telefax or facsimile.

**10. Governance Matters**

The NRC will ensure:

- that the Chairman of the NRC (or another member of the NRC) is available to answer questions on the Company's nomination policy on directors, principles and practice at the Annual General Meeting of the Company;
- that the Chairman of the NRC (or another member of the NRC) is available to answer questions on GCEO's and non-executive directors' remuneration policy, principles and practice at the Annual General Meeting of the Company;
- that all provisions regarding the disclosure of Directors' remuneration are properly fulfilled.