



KENANGA INVESTMENT BANK BERHAD

**GROUP GOVERNANCE, NOMINATION &
COMPENSATION COMMITTEE**

TERMS OF REFERENCE

GLOSSARY

Terms	Description
AGM	Annual General Meeting
Balanced Scorecard	The Balanced Scorecard is a performance management tool used to measure the performance of the GMD, Management KRPs and the Company Secretary, based on Key Performance Indicators set and approved by the Board on an annual basis in respect of four (4) perspectives i.e. Financial, Customer, Internal Process and Learning and Growth.
BNM	Bank Negara Malaysia
Board	Board of Directors
Board Committee	Any committee of the Board of KIBB established from time to time, including the Shariah Committee of KIBB
Bursa Securities	Bursa Malaysia Securities Berhad
Company Secretary	Group Company Secretary of Kenanga Investment Bank Berhad and Its Subsidiaries
Constitution	Constitution of the Company (previously referred to as Memorandum and Articles of Association), a legal document recognised by the Companies Act 2016 that generally specifies the rules governing the relationship and activities of the Company, its shareholders and Directors.
Director	As defined under Section 2 of the Companies Act 2016 as amended, supplemented or modified from time to time
FSA	Financial Services Act 2016 or any statutory modification, amendment or re-enactment thereof for the time being in force
GMD	Group Managing Director of KIBB
GNC or the Committee	Group Governance, Nomination & Compensation Committee of KIBB
INED	Independent Non-Executive Director
IFSA	Islamic Financial Services 2016 or any statutory modification, amendment or re-enactment thereof for the time being in force
Key Performance Indicators	Key Performance Indicators refer to a set of quantifiable measurements used to gauge the performance of the GMD, Management KRPs and the Company Secretary to determine the level of achievement of strategic, financial and operational targets as approved by the Board.
KIBB or the Company	Kenanga Investment Bank Berhad (15678-H)
KIBB Group or the Group	Kenanga Investment Bank Berhad and Its Subsidiaries

Terms	Description
MMLR	Main Market Listing Requirements of Bursa Securities
Management KRPs	Management Key Responsible Persons defined as N-1s i.e. All Direct Reports of the GMD, Chief Technology Officer and Head of Group Operations, as listed in the List of Management KRPs, amended, supplemented or modified from time to time
NED	Non-Executive Director

DOCUMENT HISTORY

Version	Date Approved by Board	Effective Date of Implementation	Description
1	27 January 2021	27 January 2021	1 st Version of the TOR of the GNC
2	3 November 2023	3 November 2023	2 nd Version of the TOR of the GNC

CONTENTS

1.	OBJECTIVES	5
2.	COMPOSITION.....	5
3.	SECRETARIAT.....	6
4.	AUTHORITY	6
5.	MEETINGS	
5.1	Quorum	6
5.2	Frequency of Meetings	6
5.3	Attendance at Meetings.....	7
6.	COMMUNICATIONS TO THE BOARD.....	7
7.	CIRCULAR RESOLUTIONS.....	7
8.	ROLES AND RESPONSIBILITIES	
8.1	Corporate Governance Oversight	7
8.2	Board Structure, Size, Composition and Diversity	8
8.3	Nomination and Selection of Non-Executive Directors and Board Committee Members.....	8
8.4	Compensation of Members of the Board and Board Committee... ..	9
8.5	Performance Evaluation of the Board, Board Committee and Individual Director.....	10
8.6	Succession Planning for Board and Board Committee.....	10
8.7	Board Education and Development	11
8.8	Succession Planning for GMD and Management KRPs	11
8.9	Performance Evaluation of GMD, Management KRPs and Company Secretary.....	12
8.10	Compensation of GMD, Management KRPs and Company Secretary... ..	12
8.11	Sustainability Governance Oversight.....	13
8.12	Disqualification under the FSA and IFSA... ..	13
9.	REVIEW OF THE TERMS OF REFERENCE OF THE GNC.....	13

1. OBJECTIVE

The GNC is a committee of the Board of KIBB, established to support the Board -

- 1.1 in the effectiveness and the enhancement of KIBB Group's governance structure, framework and policies and its compliance with the applicable statutory and regulatory requirements in relation thereof;
- 1.2 in carrying out its functions regarding the following matters concerning the Boards of KIBB and its subsidiaries, GMD, Management KRPs and Company Secretary, in line with the relevant regulatory and internal requirements:
 - appointments and removals;
 - composition;
 - performance evaluation and development; and
 - fit and proper assessments; and
- 1.3 in actively overseeing the design and operation of a well-structured compensation and human resource management system for KIBB Group, which is clearly linked to the strategic objectives of the Group.
- 1.4 in carrying out the oversight governance function of sustainability and its underlying Environmental, Social and Governance ("ESG") matters of the Group.

2. COMPOSITION

- 2.1 The GNC shall comprise only NEDs with at least three (3) members of which the majority should be INEDs.
- 2.2 The membership of the GNC, including the position of its Chairman shall be approved by the Board.
- 2.3 The Chairman of the GNC shall be an INED and shall not be the Chairman of the Board.
- 2.4 Members of the GNC may relinquish their membership in the Committee with prior written notice to the Company Secretary and may continue to serve as Directors of the Company.
- 2.5 All members of the GNC, including the Chairman, will hold office only so long as they serve as Directors of the Company.
- 2.6 In the event of any vacancy resulting in the number of members being reduced to below three (3), the Board shall, within three (3) months fill the vacancy.

- 2.7 A member of the GNC shall abstain from participating in discussions and decisions on matters involving him/ her.

3. SECRETARIAT

- 3.1 The Company Secretary shall act as the Secretary of the GNC.
- 3.2 The Company Secretary shall be responsible for preparation of the agenda in consultation with the Chairman of the GNC and distribution to all members of the papers to be deliberated at the GNC meeting.
- 3.3 The Company Secretary shall be responsible for supporting the effective functioning of the GNC by providing counsel to the GNC on governance matters and facilitates effective information flows between the GNC and the Board in relation thereof.

4. AUTHORITY

The GNC shall have the authority to make decisions on matters which fall within its objectives and responsibilities.

5. MEETINGS

5.1 Quorum

1. A quorum of the GNC meeting shall be at least two-thirds (2/3) of the GNC members and a majority of the members present must be INEDs. Meetings with a quorum in attendance shall constitute a competent and fully empowered Committee, able to exercise all authority vested in and exercisable by the GNC.

If the Chairman is not present those present shall elect one of their number, who is an INED, to chair the meeting.

2. No business shall be transacted unless a quorum is present either in person or by video or telephone conferencing throughout the proceedings of the meeting.

5.2 Frequency of Meetings

The GNC shall meet on a quarterly basis. However, additional meetings may be called at any time at the GNC Chairman's discretion.

5.3 Attendance at Meetings

The GNC may invite any Directors or members of the senior management and employees of KIBB and/or its subsidiaries to be in attendance during meetings to assist in its deliberations.

6. COMMUNICATIONS TO THE BOARD

6.1 The confirmed minutes of each GNC meeting shall be tabled to the Board for notation.

6.2 The GNC reports to the Board its deliberations and may from time to time submit to the Board its recommendations on matters within its purview, for the Board's decision.

7. CIRCULAR RESOLUTIONS

In the interim period between meetings, if the need arises, urgent issues shall be resolved through circular resolution. A circular resolution in writing, stating the reason(s) to arrive at a recommendation or resolution, signed by at least two thirds (2/3) of the GNC members, shall be valid and effective as if it had been passed at a meeting duly convened and constituted.

Any such circular resolution shall be recorded by the Company Secretary in the minutes book, and may consist of several documents in the like form, each signed by one (1) or more members. The expression 'in writing' or 'signed' include approval by legible confirmed transmission by facsimile, email or other forms of electronic communications.

8. ROLES AND RESPONSIBILITIES

8.1 Corporate Governance Oversight

1. Establish, review and recommend to the Board of KIBB for approval, the corporate governance framework of KIBB Group, in line with the applicable statutory and regulatory requirements, including but not limited to, the MMLR of Bursa Securities, BNM's Policy Document on Corporate Governance, the Malaysian Code of Corporate Governance and the Malaysian Anti-Corruption Commission Act 2009, as well as the relevant latest developments in the corporate governance area.

2. Review the governance policy of the Group and its compliance with applicable statutory and regulatory requirements and recommend any changes as and when required.
3. Review and recommend to the Board for approval, the Corporate Governance Overview Statement, Corporate Governance Report and Sustainability Report for disclosure in KIBB's Annual Report, pursuant to the requirements of the MMLR of Bursa Securities.
4. Review and recommend to the Board for approval any proposal relating to the engagement of external/ independent professional advisors/ consultants to assist and/ or support the GNC in fulfilling the GNC's objectives and responsibilities in relation to its oversight of the Group's governance.
5. Consider any other governance related matters as determined by the Board from time to time.

8.2 Board Structure, Size, Composition and Diversity

1. Assess and review the overall composition of the Boards and its Committees, in terms of the appropriate size and skills, and the balance between executive directors, non-executive directors and independent directors, as well as diversity in skills, experience, age, cultural backgrounds, and gender, through annual review, and make appropriate recommendations to the Board for approval for any revisions arising therefrom.
2. Establish and recommend to the Board for approval, the minimum requirements for the Boards, i.e. required mix of skills, experience, qualification and other core competencies required of a Director.

8.3 Nomination, Selection and Appointment/ Re-Appointment of NEDs and Board Committee Members

1. Review and assess the nominees for directorship and Board Committee membership and recommend the final selection of candidate(s) to the Board of KIBB for approval.

For this purpose, the Board may utilise independent sources to identify suitable qualified candidates instead of solely relying on the recommendations from existing Directors, Management KRPs and/or major shareholders.

2. Review and recommend to the Board the appointment of Directors to the Board of KIBB's subsidiaries, joint venture and associate companies.
3. Assess and make recommendations to the Board for approval for the re-appointment of KIBB's Directors before submission of the relevant application to BNM for approval.
4. Review and make recommendations to the Board for approval for the re-election of KIBB Group's Directors who are retiring by rotation at the AGM of the respective companies within KIBB Group, in accordance with the provisions of the respective companies' Constitutions.
5. Review and recommend to the Board, the removal of a Director from the Boards of any KIBB Group company if the Director is ineffective, errant and negligent in discharging his/ her responsibilities, subject to BNM's approval.
6. Review and assess on an annual basis, the fitness and propriety of NEDS in line with BNM's fit and proper criteria.

8.4 Compensation of Members of the Board and Board Committee

1. Establish policies and procedures to determine the compensation of members of the Board and each of the Board Committee, which takes into consideration the demands, complexities and performance of the Company, as well as skills and experience required.
2. Review annually and recommend to the Board for approval, the compensation framework for members of the Board and Board Committees of KIBB and NEDs of its subsidiaries.
3. Review annually the compensation of members of the Board and Board Committees of KIBB and NEDs of its subsidiaries and recommend to the respective Boards for approval, for onward recommendation to the shareholders for approval at the respective entities' AGM.
4. Periodically review the compensation of the members of the Board and Board Committees of KIBB and NEDs of its subsidiaries, particularly on whether the compensation remains appropriate to each Director's contribution, taking into consideration the level of expertise, commitment and responsibilities undertaken and prevailing market rates.

8.5 Performance Evaluation of the Board, Board Committee and Individual Director

1. Establish and review the mechanism for the formal assessment on the effectiveness of the Board as a whole, as well as the contributions of the Board Committees and each individual Director towards the effectiveness of the Board.
2. Review the outcome of the performance evaluation of the Board, Board Committees and individual Directors and recommend to the Board the appropriate action plan for identified areas for enhancements, if any.
3. Conduct a review to determine the independence of each INED of the relevant companies within KIBB Group from the perspective of character and judgement, taking into consideration the need for progressive refreshing of the Board.
4. Once in every three (3) years, the performance evaluation of the Board, Board Committees and individual Directors shall be facilitated by a professional, experienced and independent party for greater objectivity to the assessment by providing an unbiased perspective on the performance of the Board, Board Committees and individual Directors.

For this purpose, the GNC shall review and recommend to the Board for approval any proposal relating to the engagement of external/ independent professional advisors/ consultants to conduct the performance evaluation of the Board, Board Committees and individual Directors.

8.6 Succession Planning for Board and Board Committee

1. Establish and review the succession plan for the respective Boards and Board Committees of entities within KIBB Group and make appropriate recommendations to the Board, taking into consideration the challenges and opportunities facing KIBB Group and the talents required in the future in line with KIBB Group's operations and business direction.
2. Review the independence of Directors including, where appropriate, criteria on assessing the independence of a candidate's appointment as an INED and the time commitment of each INED, for the Board's endorsement.

8.7 Board Education and Development

1. Ensure that all Directors receive appropriate continuous training and development programmes in relation to Director's roles, duties and liabilities, as well as on sustainability and related roles of a Director, in order to keep abreast with the latest developments in the industry.
2. Ensure that an induction programme is provided for newly appointed NEDs.
3. Review the training programmes attended by Directors and continuously evaluate the individual Director's needs for continuous education and development programmes and facilitate the required training programmes for the Directors.

8.8 Succession Planning for GMD and Management KRPs

1. Review KIBB Group's Succession Plan for GMD and Management KRPs on an annual basis and make recommendations to the Board for any revisions, arising therefrom.
2. Review all nominations and recommend the selection of final candidate(s) to the Board for approval, in relation to the appointment, re-appointment or termination of GMD and Management KRPs.
3. Review the List of KIBB Group's Management KRPs, List of Material Risk Takers¹ and the List of Other Material Risk Takers² within KIBB Group and recommend to the Board for approval for any revisions arising therefrom.
4. Review and recommend to the Board for approval any proposal relating to the engagement of external/ independent professional advisors/ consultants to assist and/ or support the GNC, on selection and succession policy matters, as and when deems necessary.
5. Review and recommend to the Board for approval the removal of the GMD, Management KRPs or the Company Secretary if the GMD or Management KRP or the Company Secretary is ineffective, errant and negligent in discharging his/ her responsibilities.

¹ Material Risk Taker includes individuals who can materially commit or control significant amounts of the group's resources or whose actions are likely to have a significant impact on the group-wide risk profile.

² Paragraph 19.3 of BNM's Policy Document on Corporate Governance defines "Other Material Risk Taker" as "an officer who is not a member of senior management of a financial institution and who can materially commit or control significant amounts of the financial institution's resources or whose actions are likely to have a significant impact on its risk profile; or is among the most highly remunerated officers in the financial institution"

6. Review and recommend to the Board actions to be taken in relation to disciplinary issues and misconduct inconsistent with the expressed or implied conditions of service, involving the GMD, any of the Management KRPs or the Company Secretary.

8.9 Performance Evaluation of GMD, Management KRPs and Company Secretary

1. Establish a set of quantitative and qualitative performance criteria to evaluate the performance of the GMD, Management KRPs and the Company Secretary.
2. Review and recommend to the Board for approval for the Balanced Scorecard and Key Performance Indicators of the GMD, Management KRPs and the Company Secretary.
3. Review the performance of the GMD and Management KRPs who are on contract and recommend to the Board for approval, the renewal of their respective employment contracts or otherwise, including promotion or termination.
4. Review the performance of the GMD, Management KRPs and the Company Secretary for determination of performance rewards for recommendation to the Board for approval.
5. Review and assess on an annual basis, the fitness and propriety of the GMD, Management KRPs and the Company Secretary, in line with BNM's fit and proper criteria.

8.10 Compensation of the GMD, Management KRPs and the Company Secretary

1. Establish the policy on the compensation of the GMD, Management KRPs (including Other Material Risk Takers) and the Company Secretary in line KIBB Group's business strategy, objectives, values and long-term goals and comply with all relevant regulatory requirements.

This policy shall be subjected to periodic review by the GNC and made available on the Company's website. Any material changes to be made to the policy shall be recommended to the Board for approval.

2. Review the compensation of the GMD, Management KRPs (including Other Material Risk Takers) and the Company Secretary for recommendation to the Board for approval.

3. Review and recommend to the Board for approval for any proposal relating to engagement of external/ independent professional advisors/ consultants to assist and/ or support the GNC, if necessary, for the purpose of comparison on the compensation currently earned by the GMD and the Management KRPs (including Other Material Risk Takers) with the compensation paid to the same category of personnel in other companies of a similar size in a comparable industry sector.

8.11 Sustainability Governance Oversight

1. Review and recommend to the Board the strategic plan of the Group that supports the long-term value creation and considers material sustainability risk and opportunities.
2. Exercise effective oversight of climate-related risks to safeguard the Group's resilience against the adverse impacts of climate change.

Notwithstanding anything in these Terms of Reference, the responsibility for oversight of risks associated with strategic business, business development and sustainability including risk assessment and risk management, shall remain with the Group Board Risk Committee.

8.12 Disqualification under the FSA and IFSA

Assess, on an annual basis, to ensure that the Directors, GMD, Management KRPs and Company Secretary are not disqualified under the FSA and IFSA.

9. REVIEW OF THE TERMS OF REFERENCE

The Terms of Reference of the GNC shall be reviewed annually by the Board to keep it up to date and consistent with the GNC's objectives and responsibilities, as well as relevant applicable regulatory and statutory requirements.

In this Terms of Reference, any reference to any provision of legislations, guidelines, circulars or directives shall include all amendments, modifications, consolidations or replacements as may be issued from time to time.