

# **THE BANK OF NOVA SCOTIA BERHAD**

## **TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE**

## **Objective**

The Remuneration Committee (“Committee”) is to provide a formal and transparent procedure for developing a remuneration policy for Directors, the Chief Executive Officer (CEO) and key senior management officers and ensuring that the compensation is competitive and consistent with the Bank’s culture, objectives, strategy and risk appetite. The Remuneration Committee will then recommend the proposed remuneration package to the Board for approval.

The determination of the remuneration package of the Directors, CEO and key senior management officers will be a matter for the Board as a whole. Members of management who serve as Directors will abstain from participating in the discussion of his/her own remuneration package related to their management role and responsibilities.

## **Composition**

The Board of Directors of The Bank of Nova Scotia Berhad (the “Bank”) shall appoint members of the Committee, and the committee shall be comprised of:-

- at least three (3) directors;
- a majority of independent directors; and
- directors who have the skills, knowledge and experience relevant to the responsibilities of the board committee.

The Chairman of the Committee shall be an independent director appointed by the Board. In order to avoid conflicts of interest, a member of the Committee shall abstain from participating in discussions and decisions on matters involving themselves, other than matters pertaining to Directors’ remuneration.

The Committee may invite any director, executive or other person to attend any meeting(s) of the Committee as it may from time to time consider appropriate to assist the Committee in the attainment of its objective.

## **Meetings and Quorum**

The Committee shall meet with such frequency and at such times as it may determine but in any event, not less than once a year. A minimum of two (2) committee members are required to form a quorum in respect of the meeting.

At all meetings of the Committee, the Chairman of the Committee shall preside. If the Chairman is absent, the members present at the meeting shall elect a Chairman to preside who shall be an independent director.

## **Roles & Responsibilities of the Committee**

1. Without limiting the generality of the Committee's objective, the Committee shall have the following responsibilities:
  - To recommend to the Board for approval a remuneration framework for Directors, CEO and key senior management officers. The remuneration framework should support the Bank's culture, objectives and strategy and should reflect the expertise, responsibility and commitment, which goes with the Board membership and the 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 Bank's funds are used to subsidize any excessive remuneration packages. The framework should cover all aspects of remuneration including Director's fees, salaries, allowances, bonuses, share options and benefits-in-kind, as applicable.
  - To recommend specific remuneration packages for the executive director and the CEO. The package should be structured such that it is competitive and consistent with the Bank's culture, objectives, strategy and risk appetite. 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.
  - To periodically review the remuneration packages of the Directors, CEO and key senior management officers.
2. To support a remuneration framework that supports the Bank's culture, objectives, strategy and risk appetite and in order to be consistent with The Bank of Nova Scotia's global strategies, the Bank has adopted The Bank of Nova Scotia's compensation program as governed by the policies and practices set out in The Bank of Nova Scotia Compensation Policy. Accordingly, where strategies and policies related to the objectives of this Committee are driven by the parent company, the Committee shall:
  - Discuss, evaluate and provide input on strategies and policies to suit the local environment; and
  - Deliberate and make the necessary recommendations on such strategies and policies to assist the Board when approving major issues and strategies after consultation with the human resources department of The Bank of Nova Scotia.

3. Where major decisions related to the objective of this Committee are made by the parent company, the Committee shall evaluate the issues before making recommendations to the Board for adoption and consult with the human resources department of The Bank of Nova Scotia as appropriate.