

- Explanatory Circular relating to OGM Agenda Item number 13: Summary of Amendments to Variable Remuneration Policy and Share Incentive Scheme & Deferred Cash Award Rules

Topics	Amendment Details	Reasons for Amendment
Document administration and amendments	Inserted language which would allow NBB to carry out amendments to the documents in light of changes to the CBB Rulebook, as part of administrative reviews.	To maintain flexibility, ensure future compliance with any changes in the CBB Rulebook, and to explicitly distinguish amendments arising from the CBB Rulebook vs those resulting from decisions go the NRGSC. To clarify amendments arising from the CBB Rulebook should not trigger substantive approvals and should be deemed as administrative.
Defining NRGs and changing it to NRGSC across all documents	Introduced “or Equivalent Committee” in the definition of NRGSC and amending reference to NRGSC	The current mandate of NRGSC is wide and covers multiple subjects. If the NRGSC is split or reconstituted in the future, there would be no requirement to amend the policy as it refers to equivalent committee that would deal with remuneration matters.
Definition of Covered Personnel for LTIP	Extended to now cover GCEO direct reports and critical high performing individuals in addition to GCEO	Extended to cover the reward and retention of key individuals, to ensure strategic goals are achieved in a sustainable manner. This was previously only applied to GCEO.
Bonus pool	Clarification on the language on existing components of the bonus and LTIP. The language provides additional clarity on the components in LTIP and bonus awards such as cash, deferred cash and share incentive scheme awards.	Introduction of LTIP changes the mechanics of determination of profit base for bonus pool and that has been clarified. Language has been amended to cover both deferred shares and LTIP terms.
Strategic LTIP	Introduction of strategic one-off LTIP for specific projects. NRGSC now have the ability to set a specific LTIP based on specific strategic initiative for the future long term performance and retention of employees critical to those strategic initiatives.	Incentivize critical roles with efficient execution and result oriented approach.

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Leverage	Newly introduced to the scheme as an optional feature. This allows leverage on the equity component of the award to increase employee participation subject to approval of the NRGSC for each award.	Provides more options to NBB to structure the scheme terms and is in accordance with market practice.
Exclusion of commission and incentives	Included language which clarifies that commission and sales-based incentive arrangements are not subject to deferral arrangements.	Retail and sales-based incentives are usually paid quarterly or on completion of sales and usually do not form part of determination after profits. This is common across the industry but was missing from the subject documents as a specific exclusion.
Disciplinary outcomes	This scope was specifically to the NRGSC to consider this as part of the risk assessment relevant for variable remuneration.	Previously this was put as a submission to the Audit Committee. On request of NRGSC members, this has amended.
Change of control	Definition of change of control has been expanded to cover a wide range of events and thresholds for change in shareholding. Further clarification regarding change of control event by Board of Directors and CBB.	The revised definition incorporates a wide range of potential change of control events to address the mechanics of the policy on occurrence of such events.
Share buy-back	The policy has been expanded to allow NBB to consider buy back of vested shares at market prices through the trust. Employees will have the ability to request NBB to buy-back the shares or settle leveraged positions by share sale to be done subject to appropriate thresholds and limits approved by the NRGSC.	This is to enable management to buy shares to be reissued against new awards rather than dumping of small lots by employees on each vesting date (which has created artificial volatility on share prices and has led to a negative perception). Current wording is aligned with market practices on buy back arrangements.