



NOMINATION AND REMUNERATION COMMITTEE

- Terms of Reference

The Terms of Reference of Nomination and Remuneration Committee (“NRC” or “Committee”) are as follows:

1. COMPOSITION

The NRC shall be appointed from amongst the Board and shall be composed of:-

- i. not fewer than two (2) members; and
- ii. exclusively Non-Executive Directors, a majority of whom must be Independent Director.

2. CHAIRMAN

- i. The Chairman of the NRC shall be selected amongst their members and the elected Chairman shall be an Independent Director or Senior Independent Director identify by the Board.
- ii. In the absence of the Chairman, the meeting shall be chaired by another Committee member of whom must be independent.
- iii. The Chairman’s role is to:-
 - (a) lead the succession planning and appointment of Board members, including the Chairman of the Board and the Managing Director; and
 - (b) lead the annual review of board effectiveness, ensuring that the performance of each individual Director is independently assessed.
 - (c) lead the development and periodic review of the remuneration framework and policy for Directors and Senior Management.

3. SECRETARY

- i. The Company Secretary or his/her nominee shall act as Secretary of the NRC and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it prior to each meeting.
- ii. The Company Secretary or his/her nominee shall also be responsible for attending, recording and keeping the minutes of meetings of the NRC and circulating them to the Committee members. The Committee members may inspect the minutes of the NRC at the Registered Office or such other place as may be determined by the NRC.



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4. MEETINGS

- i. The NRC shall meet at least once a year or as and when required, to perform the duties set out in the Terms of Reference. The Chairman shall report to the Board on its proceedings after each meeting.
- ii. The Committee may call for a meeting as and when required with reasonable notice as the Committee members deem fit.
- iii. The Committee members may participate in a meeting by means of conference telephone, conference videophone or any similar or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting.
- iv. The quorum for a meeting of NRC shall be two (2) members with a majority of the Independent Directors present at the meeting.
- v. All decisions at such meeting shall be decided on a show of hands by a majority of votes. The Chairman shall have the casting vote should a tie arise.
- vi. Any resolution in writing, signed or approved by letter or telefax or other electronic means by majority Committee members who are Independent Directors shall be as valid and effectual as if it had been passed at a meeting of the NRC duly called and constituted, and may consist of several documents in the like form, each signed by one or more Committee members of the NRC.

5. AUTHORITY

The NRC shall:

- i. have the appropriate resources which are required to perform its duties;
- ii. have full and unrestricted access to resources and information as deemed appropriate for the discharge of its responsibilities to the Company;
- iii. have the right to obtain independent professional or other advice at the expense of the Company, with prior consent of the Managing Director;
- iv. have the right to request other Directors, Senior Management, employees of the Group and consultants as applicable to participate in the NRC meetings, as necessary, to carry out their responsibilities; and
- v. have the right to provide recommendations to the Board for consideration and approval.



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6. DUTIES AND RESPONSIBILITIES

The main functions and duties of the NRC shall include, but are not limited to the following:

❖ Nomination Function

i. New Appointments

- (a) To consider and recommend to the Board, candidates for directorship proposed by the Managing Director, Directors, major shareholder, Senior Management or outsource service providers, taking into consideration the candidates' skills, knowledge, expertise and experience, time commitment, character, competence, professionalism and integrity.

For the position of Independent Non-Executive Directors, the NRC shall also evaluate the candidates' background, current activities and his/her ability to act independently from Senior Management when discharging such responsibilities as would be expected from Independent Non-Executive Directors.

- (b) To evaluate the balance of skills, knowledge, experience, gender, independent elements and diversity on the Board, and the current and future needs and size of the Company before any appointment by the Board. In identifying suitable candidates, the Committee may:
- use the services of external advisors to facilitate the search from diverse pools;
 - consider candidates from a wide range of backgrounds;
 - consider candidates on merit and against objective criteria with due regard to diversity including gender, ethnicity and age, cultural background, character, professionalism, integrity and the appointees time commitment; and
 - request to consider the disclosure of any business interests that may result in a conflict of interest.
- (c) To consider and recommend to the Board, candidates to fill the seats on Board committees, in consultation with the chairmen of those committees. In the event that the chairman's position (regardless of board/ committee) is to be filled, to consult with the Board.
- (d) To consider and recommend to the Board the candidates for Managing Director and Chief Financial Officer, taking into consideration the candidates' skills, knowledge, expertise and experience, time, commitment, character, professionalism and integrity and diversity on Senior Management.



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ii. Re-election, Re-appointment and Resignation / Termination

- (a) To recommend to the Board, candidates for re-election of Directors by shareholders under the annual re-election provisions or retirement, with due consideration to the extent to which the interplay of the Director's expertise, skills, knowledge and experience with those of other Board members, as well as their roles as committee members. Attention shall be paid to Independent Directors who are retained beyond nine (9) years as the Board will need to provide strong justification in exceptional circumstances and seek shareholders' approval. Prior to obtaining the shareholders' approval, the NRC shall conduct an assessment of the Independent Director and recommend to the Board whether the Independent Director shall remain independent or be re-designated as Non-Independent Director.
- (b) To deal with matters relating to the continuation in office of any Director at any time, including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provisions of the law and his or her service contract.
- (c) To review the re-appointment or re-designation of any Non-Executive Director at the conclusion of his or her term of office having given due regard to his or her performance and ability to continue to contribute to the Board in terms of knowledge, skills and experience required.

iii. Succession Planning

- (a) To understand the current performance, competencies and potential of those in key positions in Senior Management in order to identify and develop plans for those key talents.
- (b) To recommend to the Board, the succession plans for Board Chairman, Directors and Senior Management, particularly for both Executive and Non-Executive Directors and the re-appointment of any Non-Executive Director at the conclusion of his or her specified term of office.
- (c) To establish a clear succession plan for Board Chairman, Directors, Managing Director and Senior Management, giving full consideration to succession planning in the course of its work, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board and by the Company in future. In terms of Senior Management, the Committee may request from time to time detailed views (either in the form of a report or otherwise) and work together with the Managing Director and/or Senior Management of the Company to:-
 - identify expected critical position vacancies and determine any future critical positions; and
 - identify gaps in current employees and develop individual development plans, coaching and mentoring programs.



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The Board shall work with the Committee to evaluate potential successors, taking into account the challenges and opportunities facing by the Company and the skills and expertise, including diversity needed on the Board in the future.

iv. Annual Performance Assessment of Board, Board Committees, Individual Directors, MD and CFO

- (a) To conduct annual review on the required mix of skills, experience, diversity and other qualities, including core competencies and effectiveness of the Board as a whole, the Board committees and the contribution of each individual Director. All evaluations carried out by the NRC in the discharge of its functions shall be properly documented. This process shall be coordinated by the Committee, with the assistance of the Company Secretary, and thus reporting to the Board at the end of each financial year with an assessment of the Board's performance and areas in which the Board, Board committees or individual Director could improve.
- (b) To conduct annual review on the time required by the Non-Executive and Independent Directors to discharge their duties and responsibilities. Performance assessments shall be undertaken to assess whether the Directors are spending enough time to fulfil their duties.
- (c) To conduct annual review on the independence of the Independent Director and recommend to the Board whether the Independent Director who has exceeded the cumulative term of nine (9) years, shall remain independent or be re-designated.
- (d) To conduct annual review on the performance of the Managing Director and Chief Financial Officer.
- (e) To conduct annual review on the terms of office and performance of Audit Committee and each of its members to determine whether Audit Committee and each of its members have carried out their duties in accordance with their terms of reference.

v. Continuous Education/ Development

- (a) To identify suitable orientation, educational and training programmes for continuous development of Directors from time to time and to ensure all Directors receive appropriate continuous training programmes in order to keep abreast with developments in the industry and with changes in the relevant statutory and regulatory requirements.
- (b) To assess the Audit Committee members' knowledge on financial literacy.

vi. Size of Board and Independent Directors

- (a) To assess the desirable balance in Board membership by reviewing the size, structure and composition of the Board, taking into consideration the number of directorships.



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- (b) To assess desirable number of Independent Directors.
- (c) To consider the representation of interest groups as part of boardroom diversity. Factors to consider may include skills, gender, race, religion, nationality, gender, professional background and culture.

In developing its procedures and making recommendations to the Board, the NRC will take into account of:-

- The provisions of the Company's Constitution, the Companies Act 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and other laws and regulations, if any, in respect of the appointment and removal of directors;
- The need for the Board to operate an open and transparent appointment process. This may include public advertisement or direct approaches being made to individuals who may be suitable or organisations that may be able to advise;
- The overall composition and balance of the Board; and
- The Board Diversity Policy and Senior Management Staff and Succession Planning Policy.

❖ Remuneration Function

- i. To establish a formal and transparent procedure for developing framework or policy on remuneration package of individual Director taking into consideration of the following:-
 - (a) In case of Executive Directors (including Managing Director), the component parts of remuneration shall be structured so as rewards is linked to corporate and individual performance.
 - (b) In the case of Non-Executive Directors, the level of remuneration shall reflect the experience and level of responsibility undertaken by the Non-Executive Director.
- ii. To recommend and advise the Board on the remuneration and terms and conditions (and where appropriate, severance payments) of Executive Director, Managing Director and Senior Management, ensuring that remuneration is set at a competitive level for similar roles within comparable markets to recruit, attract, retain and motivate high calibre individuals and so structured as to align their interests with those of the Company and its shareholders.
- iii. To review and recommend to the Board on the remuneration of Non-Executive Directors, particularly on whether the remuneration remains appropriate to each Director's contribution, by taking into account the level of expertise, commitment and responsibilities undertaken.



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- iv. To monitor structures and levels of remuneration for other Senior Management and make recommendations to ensure they are consistent with the Company's remuneration objectives.
- v. To recommend and advise the Board the incentive plans for Executive Director, Managing Director and Senior Management, and any amendments to such plans.
- vi. To recommend and advise the Board on any major changes to employee compensation and benefit arrangements applicable to the Executive Director, Managing Director and Senior Management.
- vii. To establish, review and recommend to the Board the benefits in all its form for the Executive Directors, Non-Executive Directors, Managing Director and Senior Management under the employment with the Group.
- viii. To review and recommend to the Board annual salary increments and bonuses for the Executive Directors, Managing Director and Senior Management positions under the employment of the Group.
- ix. To obtain external advice, where necessary, on benefits for the Executive Directors, Managing Director and Senior Management under the employment of the Group.
- x. To carry out other responsibilities, functions or assignments as may be defined by the Board from time to time.
- xi. To review the performance of, and recommend to the Board for approving the annual total remuneration packages (guaranteed pay, short and long-term incentives and any compensation payable for loss or termination of office or appointment) of individual Executive Directors, Managing Director and Senior Management.

Notes:-

The remuneration packages of Directors, including Non-Executive Chairman, shall be determined by the Board of Directors as a whole and the individuals Directors concerned (whether executive or non-executive) shall be abstained from discussing and from participating in decisions of their own remuneration packages.

❖ Others

- i. The Chairman of the Committee shall attend the Shareholders' Meeting to answer any shareholder's questions on the Committee's activities, in particular on areas pertaining to proposed resolutions for shareholders to consider on the appointment or re-appointment of Directors or the retention of an Independent Director who has served the Company for more than a cumulative term of nine (9) years and on areas pertaining to proposed resolutions for shareholders to consider on the Directors' fee and Directors' remuneration (excluding Director fee) for each financial year.



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- ii. The Chairman of the Committee shall report to the Board on its proceedings after each meeting of the Committee. The Committee shall make recommendations to the Board as appropriate on any area within its responsibility or as delegated by the Board, where action or improvement is needed. The Committee shall produce a report to be included in the Company's annual report about its activities and the process used to identify and make appointments.
- iii. In furtherance to their duties as the Committee's members of the Company, there shall be an agreed procedure for the members, whether as a full Committee or in their individual capacity, access to resources and information as deemed appropriate for the discharge of its responsibilities to the Company, including obtaining independent professional advice at the Company's expense and period review of its terms of reference against its performance.

The Committee shall be entitled to the services of a Secretary who must ensure that all appointments are properly made, that all necessary information is obtained from Board, both the Company's own records and for the purposes of meeting statutory requirements, as well as obligations arising from the Main Market Listing Requirements of Bursa Securities and/or other regulatory authorities.

7. REVIEW OF TERMS OF REFERENCE

The terms of reference shall be assessed, reviewed and updated whenever necessary and when there are changes to the Malaysian Code on Corporate Governance and Main Market Listing Requirements, any other regulatory requirements or when there are changes to the direction or strategies of the Group that may have an effect on the NRC's roles and responsibilities.

The NRC shall recommend any change to the terms of reference to the Board for approval.

The assessment of the NRC's terms of reference shall be a rigorous process, taking into consideration of the Company's circumstances and any new regulations that may have an effect on the NRC's responsibilities.