



## **TERMS OF REFERENCE - NOMINATION AND REMUNERATION COMMITTEE**

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

### **1. OBJECTIVE**

The NRC was established to assist the Board in identifying the suitable candidate(s) to be nominated as new Director(s) of the Company, to assess and ensure that the Company and its Group of Companies have an appropriate structure for the Board and Management’s succession plan. The NRC also conduct annual assessments on the effectiveness of the Board and its Board Committees as well as reviewing and recommending the remuneration of the Board of Directors and senior management.

### **2. COMPOSITION**

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

- i. not fewer than three (3) members; and
- ii. exclusively Non-Executive Directors, a majority of whom must be Independent Director.

### **3. CHAIRMAN**

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

### **4. 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.



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- 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.

### **5. MEETINGS**

- i. The NRC shall meet twice a year and hold additional meetings as and when required, to perform the duties set out in the Terms of Reference.
- 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 electronically, in which case all participants can see or hear each other. Participation in a meeting in this manner constitutes physical presence in person at the 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. In the case of an equality of votes, the Chairman shall be entitled to a casting vote in addition to the vote to which he is entitled as a Committee Member.
- vi. In the event the Committee require matters to be approved by way of a written resolution, a resolution in writing, signed or approved by letter or other electronic means by majority of the Committee Members 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.
- vii. The NRC shall have the right to invite other Directors, Management and Consultants, where applicable, to participate in the NRC Meetings, as and when necessary to carry out its responsibilities.
- viii. The Chairman shall report to the Board on its proceedings after each NRC meeting on matters within its duties and responsibilities. The NRC shall make recommendations to the Board as it deems appropriate on any area within its remit where action or improvement is needed.

### **6. 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;



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- 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.

### **7. DUTIES AND RESPONSIBILITIES**

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

#### **❖ Nomination Function**

##### **i. New Appointment of Directors or Senior Management**

- (a) Consider and recommend to the Board, candidates for board positions proposed by the Managing Director, Directors, major shareholders, Senior Management, or outsourced service providers, taking into consideration the candidates' skills, knowledge, expertise, experience, time commitment, character, competence, professionalism, integrity, age, cultural background, and gender.

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 of the Independent Non-Executive Directors.

- (b) Prior to any appointment by the Board, evaluate the balance of skills, knowledge, expertise and experience, gender, independent elements; diversity on the Board, and the current and future needs (including the need to bring new skills and perspective to the Boardroom) and size of the Company in identifying suitable candidates. Accordingly, the Committee may:
  - use the services of external advisors or independent sources (including sourcing from a directors' registry and open advertisement) to facilitate the search from diverse pools;
  - consider candidates from a wide range of backgrounds;
  - consider candidates based on objective criteria, merit, and with due regard to diversity, including the candidate's skills, knowledge, expertise, and experience, gender, ethnicity, age, cultural background, time commitment, character, professionalism, and integrity;
  - request to consider the disclosure of any business interests that may result in a conflict of interest; and
  - If the selection of candidates was based on recommendations from existing Directors, Management or major shareholders, the NRC should



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explain to the Board why these sources were sufficient, and other sources were not considered.

- (c) 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) Consider and recommend to the Board, the candidates for Managing Director, Chief Executive and Chief Financial Officer, taking into consideration the candidates' skills, knowledge, expertise, experience, time commitment, character, professionalism, integrity, and diversity in Senior Management.

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

- (a) Assess the candidates for re-election of Directors by shareholders under the annual re-election provisions or retirement in accordance with the Fit and Proper Policy and thereafter, recommend the candidate, which is contingent on satisfactory evaluation of the Directors' performance and contribution, to the Board 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.
- (b) Attention shall be paid to Independent Directors who are retained beyond nine years as the Board will need to provide strong justification in exceptional circumstances and seek shareholders' approval through a two-tier voting process. Prior to obtaining the shareholders' approval, the NRC shall assess the Independent Director and recommend to the Board whether the Independent Director should remain independent or be re-designated as a Non-Independent Director

In obtaining the shareholders' approval through two-tier voting process at the annual general meeting in accordance with the Malaysian Code on Corporate Governance ("MCCG").

- (c) 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.
- (d) 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) 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.



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- (b) Recommend to the Board, the succession plans for the Board's Chairman, Directors, Chief Executive and Key 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) Establish a clear succession plan for the 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.

The Board should work with the Committee to evaluate potential successors, taking into account the challenges and opportunities faced 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) Annually review 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 tenure and contribution of each individual Director.

All evaluations carried out by the NRC in connection with 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 reported 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.

Annually review the time required by the Non-Executive and Independent Directors to discharge their duties and responsibilities. Performance evaluations undertaken to determine whether the directors are devoting enough time to their duties.

- (b) Annually review 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.
- (c) Annually review the performance of the Managing Director and Chief Financial Officer.



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- (d) Annually review the terms of office and performance of the Audit and Risk Management Committee and each of its members to determine whether the Audit and Risk Management Committee and each of its members have carried out their duties in accordance with their terms of reference.

### **v. Continuous Education/ Development**

- (a) The NRC shall from time to time identify suitable orientation, educational and training programmes for continuous development of Directors and 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) Assess the Audit Committee Members' knowledge of financial literacy.

### **vi. Size of Board and Independent Directors**

- i. Assess the desirable balance in Board membership by reviewing the size, structure, and composition of the Board, taking into consideration the number of directorships and the need to bring new skills and perspective to the Boardroom.
- ii. Assess desirable number of Independent Directors.
- (c) Consider the representation of interest groups as part of Boardroom diversity. Factors to consider may include 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, including the participation of women on the Board and Senior Management; and
- The Board Diversity Policy, 'Fit and Proper' Standards/Criteria for Directors and Senior Management Staff and Succession Planning Policy.

### **❖ Remuneration Function**

- i. Establish a formal and transparent procedure for developing a framework or policy on the remuneration package of Individual Directors and Key Senior Management taking into consideration the following:





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- (a) In case of Executive Directors (including Managing Director) and Key Senior Management, 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 should reflect the experience, commitment and level of responsibility undertaken by the Non-Executive Director.
- ii. Recommend and advise the Board on the remuneration and terms and conditions (and where appropriate, severance payments) of Executive Directors, Managing Director and Key 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. 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.
  - iv. Monitor structures and levels of remuneration for Key Senior Management and make recommendations to ensure they are consistent with the Company's remuneration objectives.
  - v. Recommend and advise the Board the incentive plans for Executive Directors, Managing Director and Key Senior Management, and any amendments to such plans.
  - vi. Recommend and advise the Board on any major changes to employee compensation and benefit arrangements applicable to the Executive Directors, Managing Director and Key Senior Management.
  - vii. Establish, review, and recommend to the Board the benefits in all its form for the Executive Directors, Non-Executive Directors, Managing Director and Key Senior Management under the employment with the Group.
  - viii. Review and recommend to the Board annual salary increments and bonuses for the Executive Directors, Managing Director and Key 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 Key Senior Management under the employment of the Group.
  - x. Carry out other responsibilities, functions or assignments as may be defined by the Board from time to time.
  - xi. Review and recommend to the Board for approval 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 Key Senior Management.



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### **Notes:**

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

### **8. SHAREHOLDERS' MEETING**

The Chairman of the Committee should attend the Shareholders' Meeting to answer any shareholder's questions on the Committee's activities, in particular on areas pertaining to the following proposed resolution for the shareholders' approval:

- i. appointment or re-appointment of Directors;
- ii. retention of an Independent Director who has served the Company for more than a cumulative term of nine (9) years; and
- iii. Directors' fee and Directors' remuneration (excluding Director's fee) for each financial year.

### **9. REPORTING RESPONSIBILITIES**

The Chairman of the Committee shall report to the Board on the 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 review and approve the report to be included in the Company's annual report about its activities, the process used to identify and make appointments, and disclosure of directors' remuneration and/or Key Senior Management's remuneration (where applicable).

### **10. ACCESS TO ADVICE**

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 their responsibilities to the Company, including obtaining independent professional advice at the Company's expense and a period review of its terms of reference against its performance.

The Committee shall be entitled to the services of a Secretary on all the Committee's matters, including assisting the Chairman in planning the Committee's work, drawing up meeting agendas, maintaining meeting minutes, collection and distribution of information and provision of necessary practical support, as well as obligations arising from the Listing Requirements of Bursa Securities and/or other regulatory authorities.





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**11. REVIEW OF TERMS OF REFERENCE**

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

The Terms of Reference shall be assessed, reviewed and updated at least once every three (3) years by the NRC or as and when there are any revisions to, amongst others, the Malaysian Code on Corporate Governance, Main Market Listing Requirements of Bursa Securities, and/or any rules and regulations that may be applicable or have an effect on the NRC's roles and responsibilities.

The NRC's Terms of Reference shall also be reviewed and updated when there are changes to the direction or strategies of the Group that may affect the roles and responsibilities of the NRC.