
TERMS OF REFERENCE OF THE NOMINATION AND REMUNERATION COMMITTEE

1. COMPOSITION OF THE NOMINATION AND REMUNERATION COMMITTEE (“THE COMMITTEE”)

- 1.1 The Committee shall be appointed by the Board from amongst their number and shall consist not less than 3 members, wholly comprising of non-executive directors and a majority of whom are independent. The quorum for the meetings shall be constituted by any two members of the Committee, one of which should be an independent director.
- 1.2 Chairman of the Committee shall be elected by the members of the Committee from amongst their number. The Chairman to be elected must be an independent non-executive director.
- 1.3 The appointment of a Committee member terminates when the member ceases to be a director, or as determined by the Board.
- 1.4 In the event of equality of votes, the Chairperson of the Committee shall have a casting vote (except where 2 directors form a quorum). In the absence of the Chairman of the Committee, the members present shall elect one of their members to chair the meeting.
- 1.5 The adequacy, structure, size and composition of the Committee shall be reviewed at least once every three (3) years or as and when the Board thinks fit.

2. OBJECTIVES OF THE COMMITTEE

The general objectives of the Committee shall be as follows:

2.1 Nomination

- To formalize procedures for identification, nomination, appointment, recruitment and orientation of candidates for the following positions to be filled in the Group;
 1. Executive/Group Managing Director and Non-Executive Directors of the Company;
 2. Executive and Non-Executive Director(s) of subsidiaries;
 3. Nominee Non-Executive Director(s) of associated companies; and
 4. Key Management Personnel, which in this case shall mean Group’s personnel who are members of the senior management team being functional heads holding job grade M4 and above.
- To ensure that the mix and composition of the Board is optimal; and
- To ensure the overall effectiveness of the Board as a whole and the individual Directors in discharging their stewardship function and responsibilities.

2.2 Remuneration

- To recommend to the Board the remuneration of the following personnel;
 1. Executive/Group Managing Director of the Company;
 2. Executive and Non-Executive Director(s) of subsidiaries; and
 3. Key Management Personnel, which in this case shall mean Group’s personnel who

are members of the senior management team being functional heads holding job grade M4 and above.

- To maintain a remuneration policy, which attracts, retains and motivates high caliber Directors and Key Management Personnel; and
- To ensure that the remuneration policy appropriately compensates the contribution of the Executive/Group Managing Director(s) and Key Management Personnel to the performance of the Company.

3. DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

3.1 Nomination

3.1.1 The duties and responsibilities of the Committee with regard to the nomination function shall be to:

- Review contribution of individual Directors and effectiveness of the Board as a whole with its mix of skills and experience and other qualities, including core competencies which each Director shall bring to the Board;
- Make recommendations to the Board on candidates for appointment to the following positions of the Company and its Group, taking into consideration the candidates' skills, experience, character and integrity.
 1. Executive/Group Managing Director of the Company;
 2. Executive and Non-Executive Director(s) of subsidiaries
 3. Nominee Non-Executive Director(s) of associated companies; and
 4. Key Management Personnel of the Group.
- Recommend suitable orientation, educational and training programmes equip new Directors;
- Review training programmes for Directors and ensure that all Directors receive the appropriate continuous training programmes;
- Examine the size of the Board to determine its effectiveness;
- Review the adequacy of the size, structure and composition of Board Committees at least once every three (3) years or when the Committee thinks fit and recommends to the Board any changes thereto;
- Establish processes for the review of the performance of individual Directors, Board Committees and the Board as a whole and implementation of such processes;
- Carry out annual assessments on the independence of the Independent Directors and determine whether they are independent taking into account the requirements of Bursa Securities Main Market Listing Requirements and whether there are circumstances which can interfere with the Directors' independence of judgement;
- Make recommendations to the Board on the re-election of Directors who are due to retire by rotation and eligible for re-election in accordance with the

Company's constitution and Bursa Securities Main Market Listing Requirements, having due regard to the results of any formal performance evaluation and ability to continue to contribute effectively to the Board;

- Oversee the appointment, succession planning of the Executive/Group Managing Director;
- Review and consider the recommendations of the Executive/Group Managing Director in the appointment, promotion and succession planning of Key Management Personnel;
- Review and recommend to the Board on matters relating to the confirmation in office including the suspension or termination of service of the Executive/Group Managing Director(s) and Key Management Personnel and any other person the Board determines subject to the provision of the laws and service contract;
- Identify and recommend to the Board suitable candidates for appointment to the Board as Senior Independent Director and Company Secretary; and
- Perform other oversight functions as delegated and/or requested by the Board.

3.1.2 The recommendation of the Committee and endorsement by the Board are required before the following appointments are tabled to the respective subsidiary Boards for approval:

- (a) The appointment of any employee of the Group to the Boards of public listed companies in which the Group has equity, but not a controlling interest; and
- (b) Appointments to the Boards of subsidiaries, associated companies and joint venture entities.

3.1.3 With reference to the above mentioned areas of responsibilities, the Committee shall adopt the following:

- Areas for improvement should be identified having regard to the issues faced by the Company and its long-term objectives;
- External comparison should be conducted by looking at comparable roles in similar organizations in terms of size, market sector, business complexity and international scope;
- Develop plans to address the issues concerned by either utilizing internal resources or engaging professional bodies or external advisers;
- Submit the relevant recommendation for Board's consideration and approval; and
- Solution should be implemented and monitored.

3.2 Remuneration

3.2.1 The duties and responsibilities of the Committee with regard to the remuneration function shall be to:

- Make recommendations to the Board on the remuneration framework for the Executive/Group Managing Director of the Company and Directors of subsidiaries and determine the remuneration arrangements for individual Executive Director taking into consideration the performance of the Director (Please refer to **Appendix** for guidelines in determining Directors' remuneration);
- Review the remuneration framework and policy to ensure that these are applicable to the Company and reflective of the performance of the Company both in the short and long term;
- Recommend to the Board changes in remuneration, if required or in the event the present structure and remuneration policy are deemed inappropriate;
- Review and recommend to the Board regarding any proposed new employees' share option scheme and/or amendments to the existing scheme;
- Perform regular review of the competitiveness of the Company's remuneration structure and to keep itself fully informed of developments and best practices in the field of remuneration;
- Remuneration of the Non-Executive Directors of the Company shall be determined by the Board collectively, where individuals concerned shall abstain from discussion and decision involving their own remuneration; and
- Oversee the performance review process (both annual and ad-hoc) and making recommendations to the Board on the remuneration package of Key Management Personnel of the Group. This shall include, without limitation, basic salary, share options, benefits-in-kind, incentive payments and any other compensation payments.

4. COMMITTEE MEETING AND REPORTING PROCEDURES

The Committee shall adopt the following procedures:

- The Committee shall meet at least once a year and at such other time(s) as it deems necessary to fulfil its responsibilities;
- The Company Secretary shall be the secretary of the Committee;
- The Committee shall cause minutes to be entered in the books provided for purpose of recording all resolutions and proceedings of meetings of the Committee;
- Such minutes shall be signed by the Chairperson of the meeting at which the proceedings were held or by the Chairperson of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated;
- The Committee, through its Chairperson, shall report to the Board at the next Board of Directors' meeting after each Committee meeting. When presenting any recommendation to the Board, the Committee will provide such background and supporting information as may be necessary for the Board to make an informed decision;
- The Committee shall provide such information to the Board as necessary to assist the Board in making a disclosure in the Annual Report;

- Minutes of each meeting shall also be distributed to all attendees of the Committee meetings and circulated and presented to all members of the Board for notation purposes at the Board meeting;
- The books containing the minutes of the proceedings of any meetings of the Committee shall be kept by the Company at the registered office of the Company and shall be open to the inspection of any members of the Committee or the Board;
- To avoid a conflict of interest, a member of the Committee shall abstain from participation in discussions and decisions involving him/her; and
- A circular resolution in writing signed by majority members shall be valid and effective as it had been passed at a meeting. All such resolution shall be submitted for confirmation at a meeting of the Committee following the passing of the circular resolution.

APPENDIX**GUIDELINES FOR DETERMINING LEVEL OF REMUNERATION FOR DIRECTORS**

The following is an example of guidelines for the Committee and Board of Directors in determining the level of remuneration for individual Board members of the Company and subsidiaries:

1. Consider the following factors when deciding on the remuneration for Executive Directors:
 - Experience of and contributions by the Director. For example, performance of the Company, meeting the objectives of the Board, individual Directors' performance against their goals set up-front;
 - Level of responsibilities i.e. number of committees/meetings to attend, any chairman position held, and executive functions held; and
 - External comparison by looking at comparable roles in similar organizations in terms of size, market sector, business complexity and international scope.
2. Consider the following factors when deciding on the remuneration for Non-Executive Directors:
 - Experience of and contributions by the Director;
 - Level of responsibilities i.e. member of committees, any committee chairman position held; and
 - External comparison by looking at comparable roles in similar organizations in terms of size, market sector, business complexity and international scope.
3. Fees payable to Non-Executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover.
4. Salaries payable to Executive Directors may not include a commission on or percentage of turnover.
5. Fees payable to alternate Directors shall be deducted from the remuneration of the Director requiring the alternate Director.