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## TERMS OF REFERENCE OF THE NOMINATION AND REMUNERATION COMMITTEE

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### 1. COMPOSITION OF THE NOMINATION AND REMUNERATION COMMITTEE ("NRC" OR "COMMITTEE")

- 1.1 The Committee shall be appointed by the Board from amongst their number and shall consist not less than 3 members, all of whom are non-executive directors and, a majority of whom are independent.
- 1.2 No alternate director shall be appointed as a member of the NRC.
- 1.3 The members of the Committee shall elect a Chairman from amongst their number, who shall be an independent non-executive director. The Chairman of the Board shall not be a member of the NRC.
- 1.4 The appointment of a Committee member shall automatically be terminated if the member ceases to be a director, or as determined by the Board.
- 1.5 The adequacy, structure, size and composition of the Committee shall be reviewed at least once every 3 years or as and when the Board thinks fit.

### 2. DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Committee shall include, but are not limited to the following:

#### 2.1 Nomination

- 2.1.1 Review contribution of each individual Director and effectiveness of the Board as a whole, with its mix of skills and experience and other qualities, including diversity, fit and proper criteria as set out in the Directors' Fit and Proper Policy and the core competencies which each Director shall bring to the Board.
- 2.1.2 Make recommendations to the Board on candidates for appointment to the following positions, taking into consideration amongst others the fit and proper assessment that the individuals should bring to the Board:
  - (i) Executive/Group Managing Director;
  - (ii) Non-Executive Directors of the Company;
  - (iii) Executive and Non-Executive Director(s) of subsidiaries; and
  - (iv) Nominee Non-Executive Director(s) of associated companies.
- 2.1.3 In the case of candidates for the position of Independent Directors, the Committee shall also evaluate the candidates' character and judgment to discharge such responsibilities/functions as are expected from Independent Directors.
- 2.1.4 Assess the Directors' training and development needs and recommend suitable orientation, educational and training programmes to further enhance their business acumen and professionalism.
- 2.1.5 Review the adequacy of the size, structure and composition of Board Committees at least once every 3 years or when the Committee thinks fit and recommends to the Board any changes thereto.

- 2.1.6 Establish processes for the review of the performance of individual Directors, Board Committees and the Board as a whole and implementation of such processes.
- 2.1.7 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, their tenure on the Board and whether there are circumstances which can interfere with the Directors' independence of judgement.
- 2.1.8 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 the performance evaluation, his/her ability to continue to contribute effectively to the Board and the criteria prescribed under the Directors' Fit and Proper Policy.
- 2.1.9 Oversee the appointment, succession planning of the Executive/Group Managing Director.
- 2.1.10 Review and consider the recommendations of the Executive/Group Managing Director in the appointment, promotion and succession planning of the Group's management personnel. Ensure that appointments of management personnel are based on objective criteria, merit and with due regard for diversity in skills, experience, age and gender.
- 2.1.11 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 the Group's management personnel and any other person the Board determines subject to the provision of the laws and service contract.
- 2.1.12 Consider the need to appoint a Senior Independent Director, and if deemed appropriate recommend to the Board for approval.
- 2.1.13 Perform other oversight functions as delegated and/or requested by the Board. The Committee may also address and act upon matters referred to it, taking necessary actions and initiatives as needed.
- 2.1.14 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:
  - (i) 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
  - (ii) appointment to the Board of subsidiaries, associated companies and joint venture entities.

## **2.2 Remuneration**

- 2.2.1 Review and recommend to the Board the remuneration of Executive Directors and Non-Executive Directors of the Company, as well as Directors of subsidiaries. In determining the level of remuneration, the Committee shall consider the guidelines set out in *Appendix 1* of this Terms of Reference.

- 2.2.2 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.
- 2.2.3 Recommend to the Board changes in remuneration, if required or in the event the present structure and remuneration policy are deemed inappropriate.
- 2.2.4 Review and recommend to the Board regarding any proposed new employees' share option scheme and/or amendments to the existing scheme.
- 2.2.5 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.
- 2.2.6 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.
- 2.2.7 Oversee the performance review process (both annual and ad-hoc) and making recommendations to the Board on the remuneration package of the Group's management personnel. This shall include, without limitation, basic salary, share options, benefits-in-kind, incentive payments and any other compensation payments.

### **3. MEETING AND REPORTING PROCEDURES**

- 3.1 The Committee shall meet at least twice a year. In addition to the scheduled meetings, the Chairman of the Committee or any member of the Committee may call for meetings as and when required.
- 3.2 The quorum for the meetings shall be 2 members, one of which shall be an independent director.
- 3.3 The Company Secretary shall be the secretary of the Committee.
- 3.4 In the event of equality of votes, the Chairman of the meeting 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.
- 3.5 The Committee shall cause minutes to be entered in the books provided for the purpose of recording all resolutions and proceedings of meetings of the Committee.
- 3.6 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.
- 3.7 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.
- 3.8 The Committee shall provide such information to the Board as necessary to assist the Board in making a disclosure in the Annual Report.

- 3.9 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.
- 3.10 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.
- 3.11 To avoid a conflict of interest, a member of the Committee shall abstain from participation in discussions and decisions involving him/her.
- 3.12 A circular resolution in writing signed by the majority of members shall be valid and effective as it had been passed at a meeting. All such resolutions shall be submitted for confirmation at a meeting of the Committee following the passing of the circular resolution.
- 3.13 Whilst the preference is for meetings to be conducted physically, meetings may also be held virtually, either via video conferencing or by any digital means, and any members participating via the said platforms shall be deemed to be present in person and counted as quorum for the meeting.
- 3.14 The Chairman and other Committee members must ensure that they are not in a conflict of interests situation in respect of any action, submission, request and/or proposal being considered, evaluated and/or recommended by the Committee. Where there is a conflict of interests, he/she must declare such conflict of interests and abstain from voting on the matter. Where the Chairman is in conflict, the other Committee members present shall appoint through simple majority one of them present at the meeting to preside over the particular matter.

**Approved by the Board of Kumpulan Fima Berhad on 29 November 2023.**

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

Guidelines for the Committee and the Board in determining the level of remuneration are as follows:

1. Consider the following factors when deciding on the remuneration for Executive Directors:
  - Experience of and contributions by the Executive 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 of the Company and its subsidiaries:
  - 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.