

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

### **1. Objectives**

The Nominating and Remuneration Committee (the “Committee”) of Tuju Setia Berhad (the “Company”) was formed by the Board of Directors of the Company. Its primary function, in line with the Malaysian Code on Corporate Governance, is to assist the Board in the following areas:

- Proposing new nominees for the Board of the Company and/or its subsidiaries (the “Group”) - the actual decision as to who shall be nominated shall be the responsibility of the full Board after considering the recommendations of the Committee;
- Appraise each individual Director, including Independent Non-Executive Directors as well as the Group Managing Director (“Group MD”) in terms of their individual experience, knowledge, credibility and credentials, and assess their effectiveness and contribution in carrying out their obligations and duties as a Board member of the Company;
- Examine the ability of each Director, including the Group Managing Director, to contribute to the effective decision making process of the Board and ensure that the Board of our Company is functioning actively, efficiently and effectively in all its decision making;
- Assess the effectiveness, size and composition of the Board of Directors as a whole and the committees of the Board; and
- recommend to the Board the remuneration package of Executive Directors and Non-Executive Directors of the Company and its subsidiaries (the “Group”) to attract, retain and motivate Directors.

### **2. Composition**

- 2.1 The Chairman of the Committee shall be an Independent Non-Executive Director. The membership of the Committee shall comprise exclusively Non-Executive Directors, a majority of whom are independent and number at least three (3) in total.
- 2.2 The quorum of the Committee shall be at least two (2) members.
- 2.3 The members will be appointed by the Board and will remain members until there is a change.

### **3. Quorum and Meeting Procedures**

The Committee shall meet at least once (1) a year. More meetings may be conducted if the need arises. The quorum for a meeting of the Committee shall be two (2) members, present in person.

A resolution in writing, signed by all the members of the Committee, shall be as effectual as if it has been passed at a meeting of the Committee duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more Committee members.

In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present who would qualify under these terms of reference to be appointed to that position of the Board.

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.

As a best practice, the Chairman of the Committee should attend the Annual General Meeting to answer any shareholder questions on the Committee's activities.

### **4. Secretary**

The Secretary of the Company shall be secretary (the "Secretary") of the Committee.

#### **1. Attendance**

The Group Managing Director may be invited to attend meetings to discuss the performance of Executive Directors and make proposals as necessary. Executive Directors should play no part in decisions on their own remuneration.

### **5. Advisers**

The Committee is authorised by the Board to seek appropriate professional advice inside and outside the Group as and when it considers this necessary at the expense of the Company.

## **6. Responsibilities and Duties**

In fulfilling its primary objectives, the Committee shall undertake the following responsibilities and duties:-

- 6.1 having evaluated the balance of skills, knowledge and experience on the Board, and hence defined the role and capabilities required for a particular appointment, be responsible for identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arise.
  - 6.1.1 In making the recommendations, the Committee will also consider candidates proposed by the Group MD, and within the bounds of practicability, by any other senior executive, Director or shareholder. The Committee shall also utilise independent services to identify suitably qualified candidates. In making its recommendations, the Committee shall assess and consider the following attributes or factors:-
    - a) skills, knowledge, expertise and experience;
    - b) professionalism;
    - c) commitment (including time commitment) to effectively discharge his/her role as a Director;
    - d) contribution and performance;
    - e) background, character, integrity, and competence;
    - f) in the case of candidates for the position of Independent Non-Executive Directors, the Committee shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Non-executive Directors;
    - g) Boardroom diversity including gender diversity; and
    - h) in considering independence, it is necessary to focus not only a Director's background and current activities qualify him or her as independent but also whether the Director can act independently of management.
- 6.2 make recommendations to the Board for the appointment of the Chairman, Group MD and Senior Independent Director, including an assessment of the time commitment expected and recognising the need for availability in the event of crises;
- 6.3 review and define orientation and induction plans for new directors;
- 6.4 develop, maintain and review the criteria to be used in the recruitment process and annual assessment of Directors. The nomination and the election process should be disclosed in the Annual Report;
- 6.5 recommend to the Board, Directors to fill the seats on Board Committees;

- 6.6 assess the training needs of each Director, review the fulfilment of such training, and disclose details in the Annual Report as appropriate;
- 6.7 review the Board's succession plans;
- 6.8 review and make recommendations to the Board on Succession Planning Policy for management;
- 6.9 review annually the required mix of skills, experience and other qualities of the Board, including core competencies which Non-Executive Directors should bring to the Board. This activity shall be disclosed in the Annual Report of the Company;
- 6.10 assess annually the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director including his time commitment, character, experience and integrity vide a formal and objective assessment. All assessments and evaluations carried out by the Committee in the discharge of all its functions shall be properly documented;
- 6.11 assess annually the effectiveness and performance of the Group MD and Executive Directors;
- 6.12 assess annually the independence of its independent directors.
- 6.13 consider the size and balance of the Board with a view to determine the impact of the number upon the Board's effectiveness and recommend it to the Board;
- 6.14 recommend to Board the Company's gender composition of the Board;
- 6.15 recommend to Board protocol for accepting new directorships;
- 6.16 review, at least once a year, its own performance, constitution and Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval;
- 6.17 consider and recommend the Independent Directors beyond nine (9) years for continuation in office, having due regard to their performance and ability to continue to contribute to the Board in the light of knowledge, skills and experience required; assess annually the term of office and performance of the Audit and Risk Management Committee and each of its members to determine whether such Audit and Risk Management Committee and members have carried out their duties in accordance with their Terms of Reference;

- 6.18 setting the remuneration policy for all Directors and key senior management. In determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements. The objective of remuneration policy is to attract, retain and motivate executive management of the quality required to run the company successfully without paying more than is necessary, having regard to the views of shareholders and other stakeholders. The remuneration policy should have regard to the risk appetite of the Company and alignment to the Company's long term strategic goals. A significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and designed to promote the long-term success of the Company;
- 6.19 assist the Board in developing and administering a fair and transparent procedure for setting policy on remuneration of Directors and key senior management;
- 6.20 to recommend to the Board the appropriate remuneration packages for the Executive Directors, Non-Executive Directors and key management;
- 6.21 to formulate policies, procedures, guidelines and set criteria for remuneration packages for the Executive Directors, Non-Executive Directors and key management, which should be disclosed in the Annual Report where necessary;
- 6.22 to ensure that the Executive Directors, Non-Executive Directors and key management are fairly and appropriately remunerated according to the general market sentiments or conditions;
- 6.23 to ensure that all necessary actions are taken expediently by the Board to offer appropriate rewards, benefits, compensation and remuneration to ensure that the Company attracts and retains the individual Executive Directors, Non-Executive Directors and key management needed to run the Company successfully;
- 6.24 to ensure that all remuneration packages and benefits given to the Executive Directors, Non-Executive Directors and key management are in compliance with all laws, rules, requirements, regulations and guidelines set by the relevant authorities and the Board from time to time;
- 6.25 to review the fees of the directors and benefits payable to directors including any compensation for loss of employment of director or former director and recommend to the Board of Directors and thereafter to be approved at a general meeting;
- 6.26 to recommend the engagement of external professional advisors to assist and/or advise the Committee, on remuneration matters, where necessary;

- 6.27 to review, at least once a year, its own performance, constitution and Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval; and
- 6.28 to consider all other related matters as may be requested by the Board from time to time.

The level of remuneration should be aligned with the business strategy and long-term objectives of the Company, complexity of the Company's activities, and reflects the experience and level of responsibilities undertaken by the Executive Directors, Non-Executive Directors and key management.

The determination of remuneration packages of Executive Directors, Non-Executive Directors and key management should be a matter for the Board as a whole where the individuals concerned shall abstain from discussion of their own remuneration.

## **7. Procedures**

The Board follows formal and transparent procedures when appointing directors as follows:-

- 7.1 The Committee shall prepare descriptions of the director characteristics the Board is looking for in a new appointment.
- 7.2 The Committee will seek professional advice as and when it considers necessary to identify a short-list of suitable candidates and a list of nominations for candidates proposed by the Group MD, and within the bounds of practicability, by any other senior executive, director or shareholder for considerations.
- 7.3 All the candidates are interviewed by at least two members of the Committee whose evaluations will be circulated to all the members of Nomination and Remuneration Committee. A target appointment date is then fixed.
- 7.4 The Committee will then have to make a majority decision in recommending the appointment to the Board.
- 7.5 The Board will then decide on the best candidate by ballot or majority decision and a Board resolution will be passed to appoint the candidate.
- 7.6 The written consent of the nominees to act if elected shall be secured.

The Committee shall regulate its own procedure to be followed in the discharge of its duties and responsibilities set out in section 7 above. The regulation and implementation of such procedure shall, as far as circumstances permit be in keeping with the principles and requirements of the Malaysian Code on Corporate Governance.

## **8. Minutes**

The Secretary shall keep all the minutes of meetings of the Committee and copies thereof shall be circulated to all members of the Board.

## **9. Succession Planning for Board**

The Committee shall, as and when required:

- 9.1 keep under review the leadership needs of the Company, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;
- 9.2 give 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 in future;
- 9.3 make recommendations to the Board concerning the succession plans for Executive Directors and in particular for the Group MD;
- 9.4 make recommendations to the Board concerning the re-appointment of any non-executive director at the conclusion of his or her specified term of office, re-election of any director under the retirement by rotation provisions in the Company's Articles of Association, continuation (or not) in service of any director who has reached the age 70, if any;
- 9.5 make any necessary recommendations to the Board concerning the continuation in office, suspension or termination of service of any director (subject, in the case of Company employees to the provisions of their service contracts, if any); and
- 9.6 make recommendations to the Board concerning the continuation (or not) in service of any Independent Director who has served consecutively or cumulatively more than 9 years.

## **10. Revision of the Terms of Reference**

Any revision or amendment to this Terms of Reference, as proposed by the Nomination and Remuneration Committee or any third party, shall first be presented to the Board for its approval.

Upon the Board's approval, the said revision or amendment shall form part of this Terms of Reference and this Terms of Reference shall be considered duly revised or amended.

*(This Terms of Reference for the Nomination and Remuneration Committee was approved and adopted by the Board on 12 August 2020)*

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