

## **Nomination and Remuneration Committee Terms of Reference**

### **1. Status**

- (a) The Nomination and Remuneration Committee (“**NRC**”) is a committee of the Board of Directors (“**Board**”) of Institute of Corporate Directors Malaysia (“**Company**”).

### **2. Membership**

- (a) The NRC shall be appointed by the Board amongst its members and shall comprise at least three (3) members, all of whom must be Non-Executive Directors.
- (b) The members of the Committee must elect a chairman of the Committee (“**Chairman**”) among themselves. In the absence of the Chairman, the members present shall elect a chairman from amongst them to chair the meeting.
- (c) The appointment of a Committee member shall terminate when the member ceases to be a Director.
- (d) No Alternate Director shall be appointed as a member of the NRC.
- (e) Where the members of the NRC for any reason are reduced to less than three (3), the Board shall, within three (3) months from the occurrence of the event, appoint such number of new members as may be required to make up the minimum number of three (3) members.
- (f) All members of the NRC shall hold office only for so long as they serve as Non-Executive Directors of the Company.
- (g) Any member of the NRC may relinquish his/her membership in the NRC at any time with prior written notice to the Board.

### **3. Primary Purpose**

- (a) The NRC is responsible for:
- (i) Proposing the candidates for:
- the Board of the Company; and
  - the Board Committees of the Company.
- (ii) Assessing the effectiveness of the Board of the Company as a whole including the Board Committees of the Company (including whether the Board and the Board Committees possess the required mix of skills, size and composition, experience, core competencies and other qualities), and contribution of each individual Director on an annual basis.



**INSTITUTE OF CORPORATE DIRECTORS MALAYSIA [Registration No. 201701025110 (1239276-V)]  
- Terms of Reference of Nomination and Remuneration Committee**

- (iii) Overseeing the succession planning and talent management for the Board and Senior Management.
- (iv) Proposing continuous training for the individual Directors.
- (v) Proposing the appointment and re-election of Non-Executive Directors and Senior Management of the Company.
- (vi) Ensuring that the Directors and the Senior Management are fairly rewarded for their individual contributions to the Company's performance.
- (vii) Establishing formal and transparent remuneration policies and procedures for Directors and the Senior Management.
- (viii) Formulating or reviewing the policy and procedures for remuneration of the Chairman, Board members and President/Chief Executive, to be aligned with their responsibilities and contributions including scope of service agreements, terms of employment or contract of employment/service, benefits, pension or incentive scheme entitlement, bonuses, fees and expenses and any compensation payable on termination of employment/service contract by the Company and/or the Group and to review for changes to the policy, as necessary, and recommend the same to the Board for approval.
- (ix) reviewing the NRC's terms of reference as conditions dictate from time to time.

**4. Responsibilities**

The responsibilities of the NRC shall be to:

**Nominating roles**

- (a) Recommend candidates for directorships in the Company. In making the recommendations, the NRC may consider candidates proposed by the Board, Management or consultants engaged by the Company. In making its recommendations, the NRC shall consider the following criteria:
  - (i) integrity and judgement;
  - (ii) knowledge;
  - (iii) diversity;
  - (iv) commitment;
  - (v) independent judgement;
  - (vi) performance and contribution;
  - (vii) experience and accomplishments;
  - (viii) board interaction;
  - (ix) ability to discharge the responsibilities and functions as are expected from them; and

**INSTITUTE OF CORPORATE DIRECTORS MALAYSIA [Registration No. 201701025110 (1239276-V)]**  
**- Terms of Reference of Nomination and Remuneration Committee**

(x) any other criteria deemed fit.

However, in identifying suitably qualified candidates, the NRC must not solely rely on the recommendations from the existing Board members or Management of the Company. The NRC shall also utilise independent sources to identify suitably qualified candidates.

- (b) Recommend the re-election, re-nomination, re-appointment or removal of Directors to/from the Board of the Company after taking into account the Director's contribution and performance, and how this Director will fit in the overall competency matrix of the Board.
- (c) Recommend the appointment of the members of each Board Committee of the Company.
- (d) Recommend the appointment, cessation, suspension, dismissal and / or any staff movement which include re-designation, re-deployment, transfer or secondment of the Senior Management of the Company.
- (e) Review the Board composition of the Company by taking into consideration the appropriate skills, experience and other qualities of the Board, including core competencies which the Non-Executive Directors (where applicable) should bring to the Board on an annual basis.
- (f) Annually assess and evaluate the effectiveness of the Board as a whole, Board Committees and the contribution of each individual Director. In evaluating the effectiveness of the Board as a whole, the NRC shall also assess and evaluate the independence of the Non-Executive Directors.
- (g) Oversee the development of succession planning and talent management for Board members and Senior Management of the Company.
- (h) Consider and recommend for approval, the appropriate size of the Board and Board Committees of the Company to facilitate effective decision making after taking into consideration the scope and nature of the operations of the Company.
- (i) Ensure that the Directors and Senior Management are fairly rewarded for their individual contributions and performance against the needs of the Company at any given time and the levels of remuneration should be sufficient to attract and retain Directors and Senior Management to run the Company successfully.
- (j) Evaluate the performance of Directors and Senior Management and review the remuneration packages of the Directors and Senior Management, and make the appropriate recommendations to the Board.



**INSTITUTE OF CORPORATE DIRECTORS MALAYSIA [Registration No. 201701025110 (1239276-V)]**  
**- Terms of Reference of Nomination and Remuneration Committee**

- (k) Review compensation payable to Directors and Senior Management for any loss or termination of office or appointment, and make appropriate recommendations to the Board, to ensure that it is consistent with contractual terms and is otherwise fair and reasonable and not excessive.
- (l) Recommend appropriate on boarding programmes for new Directors.
- (m) Assess and evaluate the training needs of the Company's Directors to ensure the Directors keep abreast of regulatory changes, other developments and broad business trends, to enhance the Board members' competencies.
- (n) Perform other oversight functions as requested by the Board.

**5. Authority**

The Board has authorised the NRC, within the scope of their duties and responsibilities set out under the Terms of Reference herein to:

- (a) Investigate any matter within its terms of reference, have the resources which it needs to do so and have full and unrestricted access to information pertaining to the Company and the Management whereby all employees of the Company are required to comply with requests made by the NRC.
- (b) Perform the activities required to discharge its responsibilities and make recommendations to the Board.
- (c) Select, engage and seek approval from the Board for fees for professional advisers that the NRC may require to carry out its duties.
- (d) Have full and unrestricted access to information, records, properties and employees of the Company.
- (e) Have access to the advice and services of the Company Secretary.

The NRC shall not be delegated with decision-making powers but shall report its recommendation to the Board of the Company (where applicable) for decision.

**6. Meetings**

- (a) The NRC shall meet at least twice in a year and at such other time(s) as it deems necessary to fulfil its responsibilities. If a member is unable to be physically present, they may choose to participate via video or tele-conferencing or any other means of audio-visual communications and the person shall be deemed to be present in person and shall be entitled to vote or be counted in a quorum accordingly.

**INSTITUTE OF CORPORATE DIRECTORS MALAYSIA [Registration No. 201701025110 (1239276-V)]**  
**- Terms of Reference of Nomination and Remuneration Committee**

- (b) The Company Secretary, in consultation with the Chairman of the NRC, shall draw up the agenda of the meeting. The agenda, together with the relevant supporting papers, shall be circulated at least five (5) working days prior to each meeting.
- (c) The quorum for the NRC meeting shall be two (2), both of whom must be Non-Executive Directors.
- (d) Each member of the NRC is entitled to one (1) vote in deciding the matters deliberated in the meeting. The decision that gained the majority votes shall be the decision of the NRC when there are three (3) members and more attending. However, if the number of the members attending is two (2), the votes shall be unanimous.
- (e) In the event of an equality of votes, the Chairman of the NRC shall not be entitled to a second or casting vote. Such matter would be escalated to the Board for decision. In addition, any dissenting opinion of the members of the NRC should be reported to the Board.
- (f) A member of the NRC shall excuse himself/herself from the meeting during discussions or deliberations of any matter which gives rise to an actual or perceived conflict of interest situation for him/her.
- (g) The Chairman of the NRC, or the NRC members with the approval from the Chairman, may invite any person or persons to attend the NRC meetings, but not necessarily for the full duration of the meeting.

**7. Communication to the Board and Reports**

- (a) The minutes of each NRC meeting shall be tabled to the Board for notation.
- (b) The NRC Chairman shall report on each meeting to the Board regarding all relevant matters and appropriate recommendations, for noting or approval by the Board.
- (c) The NRC may from time to time submit to the Board its recommendation on matters within its purview, for the Board's decision.
- (d) The NRC will receive and review the relevant reports submitted by Management or external consultants to aid the NRC members in discharging their duties.



**INSTITUTE OF CORPORATE DIRECTORS MALAYSIA [Registration No. 201701025110 (1239276-V)]  
- Terms of Reference of Nomination and Remuneration Committee**

**8. Circular Resolution**

- (a) Any resolution in writing signed by all members of the NRC for the time being shall be as valid and effectual as if it had been passed at a meeting of the NRC duly convened and held.
- (b) All such resolutions shall be described as "NRC Members' Circular Resolutions" and shall be forwarded or otherwise delivered to the Company Secretary without delay and shall be recorded by the Company Secretary in the minutes book.
- (c) Any such resolution may be contained in a single document or may consist of several documents in the like form, each signed by one (1) or more members.
- (d) The expressions "in writing" or "signed" include approval by legible confirmed transmission by facsimile, email or other forms of electronic communications.

**9. Secretary**

- (a) The Company Secretaries of the Company shall be the Secretary of the NRC.
- (b) The Company Secretary will ensure that all the appointment of Directors are properly made, that all necessary information is obtained from Directors as well as compliance to the applicable laws and regulations.
- (c) The Company Secretary shall be responsible for preparation of the agenda in consultation with the Chairman, and the distribution to all the members of the papers to be deliberated at the meeting.

*(This Terms of Reference for the Nomination & Remuneration Committee was approved and adopted by the Board on 21 January 2020.)*