



# MELEWAR INDUSTRIAL GROUP BERHAD

(Company No. 8444-W)

(Incorporated in Malaysia under the Companies Act, 1965)

## TERMS OF REFERENCE OF THE NOMINATION AND REMUNERATION COMMITTEE (Revised 2016)

---

### 1. COMPOSITION OF NOMINATION AND REMUNERATION COMMITTEE

- 1.1 The Code endorses as good practice, a formal procedure for appointments to the Board, with Nomination and Remuneration Committee (“the Committee”) recommending to the Board and assessing Directors on an on-going basis. The Code, however, states that this procedure may be performed by the Board as a whole, although as a matter of good practice, it recommends that this responsibility be delegated to a committee.
- 1.2 The Committee shall consist exclusively of Non-Executive Directors, of not less than three (3) members appointed by the Board of Directors (“the Board”), the majority of whom shall be independent and free from any business or other relationship which could interfere with the exercise of independent judgment or the ability to act in the best interests of the Company in carrying out the functions of the Committee. A majority of the Committee shall not:
- (a) be a major shareholder of the Company or any related corporation ;
  - (b) be acting as nominee or representative of any executive director or major shareholder or the Company or any related corporation. Relative covers the spouse, parent, brother, sister, child (including adopted or step child) and the spouse of such brother, sister or child ;
  - (c) be engaged as a professional advisor by the Company or any related corporation either personally or with other person or through a firm or company of which he is a partner, director or major shareholder, as the case may be, the value of which in aggregate is more than 5% of his gross revenue on a consolidated basis (where applicable) or the entity or RM1.0 million, whichever is the higher ;
- 1.3 The Chairman of the Committee shall be the Senior Independent Director identified by the Board who is also a member of the Committee.

## **2. TERMS OF REFERENCE**

The Nomination and Remuneration Committee shall be governed by the following terms of reference:

### **2.1 Terms of Membership**

Members of the Committee shall be appointed for an initial term of three years after which they will be eligible for re-appointment in every three years.

### **2.2 Meetings**

The Committee shall meet at least once a year or more frequently as circumstances require.

In addition, the chairperson shall convene a meeting of the Committee if requested to do so by any member of the Board to consider any matters within the scope and responsibilities of the Committee.

A member of the Committee shall abstain from participating in discussions and decisions on matters directly involving him.

### **2.3 Attendance at Meetings**

The Committee may invite any persons to be in attendance to assist in its deliberations.

### **2.4 Proceeding of Meetings**

In the absence of the Chairman, the Committee shall appoint one of the Independent Non-Executive members present to chair the meeting.

Question arising at any meeting shall be decided by a majority of vote of the member present, each member having one (1) vote. In the case, of an equality of votes, the Chairman shall be entitled to a casting vote in addition to the vote which he is entitled as a member.

### **2.5 Secretary to Nomination Committee**

The Secretary of the Committee shall be appointed by the Chairman. The Secretary shall be responsible for drawing up the agenda in consultation with the Chairperson and shall be responsible for keeping the minutes of the meeting of the Committee, circulating them to Committee members. The agenda together with relevant explanatory papers, minutes of meetings and documents shall be circulated to all the members of the Committee and the Board prior to each meeting.

## **2.6 Quorum**

A quorum shall consist of at least two (2) Committee members, the majority of the members present shall be Independent Directors.

## **2.7 Authority**

The Committee is authorised by the Board to undertake the specific duties and responsibilities stated below. It has fully and unrestricted access to all information and documents it requires for the purpose of carrying out its duties and responsibilities.

The Committee is entitled to the services of a company secretary who must ensure that all appointments are properly made, that all necessary information is obtained from directors, both for the company's own records and for the purpose of meeting statutory obligations, as well as obligations arising from the Listing rules of Exchanges or other regulatory requirements, where relevant.

The Committee is also authorised to obtain external legal or other independent professional advice, as it considers necessary.

The Committee is authorized to pass resolutions in writing and by circular provided always that such resolution(s) shall be executed by all members. Any such resolution(s) may consist of several documents in like form, each signed by one or more members of the Committee.

## **2.8 Duties and Responsibilities**

The primary roles and responsibilities of the Committee as clearly defined and include the following:

### **In relation to nomination matters**

- a) Assessing and recommending to the Board the candidature of directors whether of executive or non-executive position to fill board vacancies as and when they arise based on the following:
  - Size, overall composition, mix of skills, experience, competency and other qualities of the existing Board, level of commitment, resources and time that the recommended candidate can contribute to the existing Board and Group;
  - Gender diversity targets in the Boardroom; and
  - In the case of an Independent Non-Executive Director, the independence of the Director in bringing independent and objective judgement to the Board deliberation.

- b) Assessing and recommending to the Board the appointment of directors to the Board Committees, review of the training programs for the Board and establish appropriate framework and plans for succession at Board level to ensure that the Board is comprised of Directors with the skills and experience relevant to the Company's strategic direction and objectives ;
- c) Overseeing the overall composition of the Board in terms of the appropriate size and skills, the balance between executive directors, non-executive and independent directors and mix of skills, gender diversity and other core competencies required, through annual reviews ;
- d) Establishing and implementing a mechanism for formal assessment on an annual basis for assessment of the effectiveness of the Board as a whole and establishing the mechanism to assess the contribution by each director, the effectiveness of the Board as a whole, the contribution of the Board's various committees and the independence of the Independent Directors, particularly when there is any new interests or relationships surface ;
- e) Reviewing the results of the Board's performance evaluation and recommends to the Board the initiatives/improvements moving forward to enhance the effectiveness of the Board ;
- f) Recommending to the Board :
  - whether Directors who are retiring by rotation should be put forward for re-election ; and
  - termination of membership of individual Directors in accordance with policies for cause or other appropriate reasons ;
- g) Evaluating and recommending to the Board on the appointment, promotion and transfer and dismissal of Executive Director(s) and Senior Management if he is errant, negligent or is incapacitated in discharging his responsibilities ;
- h) Reviewing and setting policies and procedures on human resources matters pertaining to Senior Management ;
- i) Developing policies and recommending appropriate proposals to facilitate the recruitment and retention of Senior Management as well as a development program for Senior Management ;
- j) Recommending to the Board to review and approve the appointment and promotion of Senior Management as well as the extension and termination of service/contract and renewal of contract of Senior Management ;
- k) Reviewing and considering the directorships of Senior Management on the Board of subsidiaries of the Group ;

- l) Establish the scope of work for the Board, the Executive Directors and the CEO and COO of the Company, and its subsidiary(ies), where applicable, to perform their responsibilities effectively.
- m) Facilitating and ensuring that all directors of the Company and subsidiaries undergo appropriate induction programs and receive continuous training ;
- n) undertaking such other tasks as directed by the Board.
- o) Reviewing the terms of office and performance of the audit committee and its members on an annual basis.

#### **In relation to remuneration matters**

- a) Reviewing annually and recommend to the Board the Company's overall remuneration policy for Senior Management staff and Executive Directors to ensure that rewards commensurate with their contributions to the Company's growth and profitability.
- b) Reviewing annually the performance of the Executive Directors and recommend to the Board specific adjustments in remuneration or reward payments, if any, reflecting their contributions for the year.
- c) Keeping abreast of the terms and conditions of service of Executive Directors including their total remuneration package for market comparability, and reviews and recommends changes to the Board whenever necessary.
- d) Keeping abreast of the remuneration packages for Members of Board Committees to ensure that they commensurate with the scope of responsibility held, and reviews and recommends changes to the Board whenever necessary.
- e) Reviewing and recommending to the Board the terms and award of employees share options for Senior Management staff and Executive Directors.
- f) Other matters as the Board of Directors think fit.

## **2.9 Report to the Board**

The Committee is not a decision making body and shall report its recommendation to the full Board for decision.