



## MGB BERHAD

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### NOMINATION AND REMUNERATION COMMITTEE TERMS OF REFERENCE

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#### 1. **OBJECTIVE**

The main objective of the Nomination and Remuneration Committee (“**the Committee**”) is to assist the Board in fulfilling its responsibilities in going through a formal process of reviewing the balance and effectiveness of its Board, identifying the skills needed and those individuals who might best provide them.

The Committee shall also assist the Board in fulfilling its fiduciary responsibilities for reviewing and making recommendations to the Board of Directors the terms of employment of and all elements of the remuneration of the executive directors and Senior Management (Grade GM1 and above) of the Company.

The Committee shall in so far as it is in the best interest of the Company assist the Board to adhere to the Principles of Recommendations prescribed under the Malaysian Code of Corporate Governance 2017 and Listing Requirements of Bursa Securities Malaysia Berhad, as amended or supplemented from time to time.

#### 2. **MEMBERS**

- 2.1 The Committee shall comprise at least three (3) members, each of whom shall be appointed by the Board of Directors from amongst the Independent Non-Executive Directors of the Company.
- 2.2 The members of the Committee shall elect a Chairman from amongst their number. In the absence of the Committee Chairman, the remaining members present shall elect one of them to chair the meeting.
- 2.3 In the event of any vacancy in the Committee resulting in the number of members being reduced to below three (3), the Board shall, within three (3) months fill the vacancy.
- 2.4 No alternate director shall be appointed as a member of the Committee.

#### 3. **MEETING**

- 3.1 The quorum for meeting of the Committee shall be two (2).
- 3.2 Meetings shall be held as and when appropriate, but shall not less than once in a calendar year.



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- 3.3 Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of any member thereof. Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee not less than seven (7) working days prior to the date of the meeting.
- 3.4 If within half an hour from the time appointed for the meeting a quorum is not present, the meeting shall be adjourned. The meeting shall stand adjourned to the same day, time and place in the next week or such other day, time and place as the members may determine. If at such adjourned meeting, a quorum is not present within 15 minutes from the time appointed for holding the meeting, the meeting shall be dissolved.
- 3.5 Attendance at a meeting may be in person or by way of participation via video conferencing or teleconference or such other means as may be agreed by the members.
- 3.6 A resolution in writing signed by all members in lieu of convening a formal meeting shall be as valid and effectual as if it had 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 members.
- 3.7 All recommendations and findings of the Committee shall be submitted to the Board for approval. The Board's decision on recommendations and findings of the Committee shall be recorded by the Secretary.
- 3.8 The Committee may create subcommittees to perform particular functions, either generally or in specific instances.
- 3.9 The Company Secretary shall be the Secretary of the Committee.

#### **4. REPORTING PROCEDURES**

- 4.1 The Secretary shall circulate the minutes of meetings of the Committee to all members of the Committee and of the Board. Minutes of each meeting shall be duly entered in the minutes book provided therefor.
- 4.2 The Chairman of the Committee shall report on each Committee's meeting to the Board.



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#### 5. **AUTHORITY**

- 5.1 In General and unless otherwise expressly authorized by the Board, the Committee shall not have delegated powers from the Board to implement its recommendations but is obliged to report its recommendations to the Board for consideration and implementation.
- 5.2 The members of the Committee, whether executive or non-executive, should not participate in decisions relating to their own nomination or remuneration packages.
- 5.3 In carrying out its duties and responsibilities, the Committee shall have:-
- a) Full, free and unrestricted access to any information, records, property and personnel of the Group;
  - b) Access to independent professional advice and expertise necessary for the performance of its duties; and
  - c) Access to the advice and services of the Secretary of the Company.

#### 6. **DUTIES AND FUNCTIONS**

- 6.1 With regard to the nomination functions and duties, the Committee shall:-
- a) review the structure, size and composition of the Board and make recommendations to the Board with regard to any adjustments that are deemed necessary;
  - b) be responsible for identifying, evaluating and nominating for the approval of the Board candidates to fill Board vacancies as and when they arise;
  - c) establish and implement the processes for assessing the effectiveness of the Board as a whole, the Committees of the Board and for assessing the contribution and performance of each director
  - d) establish the criteria and processes to assess independence of each independent director;
  - e) review the Board's succession plan, training programmes for Directors and orientation process for new director; and



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f) introduce such regulations, guidelines and/or procedures to function effectively and fulfill the Committee's objectives.

6.2 The duties and functions of the Committee with regard to remuneration of the Directors shall include:-

a) to establish and agree with the Board of Directors the framework or board policy for the remuneration of the Company's or Group's executive directors, the chairman and such other members of the executive management as it is designated to consider;

b) in establishing remuneration policy, take into account all factors which it deems necessary. The objective of such policy shall be to ensure that members of the executive management of the Company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Group;

c) to review and recommend the total individual remuneration package of each executive director including, where appropriate, bonuses and incentive payments;

d) based on the performance evaluation of the Company and individual executive director and make recommendations to the Board in respect of the annual bonus, increment and other benefits; and

e) establish the policy for and scope of termination payments and compensation commitments for directors;

**7. AUTHORITIES**

7.1 The Committee is authorized by the Board to investigate any activity within its Terms of Reference. It is authorized to seek any information it requires from any employee and all employees are directed to cooperate with any request made by the Committee.

7.2 The Committee is authorized by the Board to obtain external legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.