



# **KUB MALAYSIA BERHAD**

**(Company No. 6022-D)**

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## **TERMS OF REFERENCE OF THE BOARD NOMINATION AND REMUNERATION COMMITTEE**

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Revised as at 29 March 2018

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## **DEFINITIONS AND INTERPRETATION**

In these Terms of Reference, where the context so admits the following expressions shall have the following meanings:-

'Act'	The Companies Act, 2016 and any other Act or Ordinance for the time being in force concerning companies and affecting the Company;
'Board'	The Board of Directors of KUB Malaysia Berhad;
'Board Committees'	Committees that have been or will be set up as authorised by the Board, with the exception of this Committee with specific Terms of Reference and delegated authority;
'Committee' or 'BNRC'	Board Nomination and Remuneration Committee;
'Company Secretary'	Company Secretary/Joint Company Secretaries of KUB Malaysia Berhad;
'KUB Malaysia Berhad' or 'Company'	KUB Malaysia Berhad (6022-D);
'KUB Group'	KUB Malaysia Berhad and its subsidiaries;;
'Independent Director'	A director as defined in Chapter 1 of Bursa Malaysia Securities Berhad ('Bursa Malaysia') Main Market Listing Requirements;
'Listing Requirements'	Bursa Malaysia Securities Berhad Main Market Listing Requirements, including any amendments made from time to time;
'Member'	A member of the Committee as appointed pursuant to this Terms of Reference;
'Bursa Malaysia'	Bursa Malaysia Securities Berhad;
'Secretary'	Secretary of the Committee;
'Senior Management'	Senior Management which includes the President/Group Managing Director, Executive Director, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and 'Officer' as defined in Chapter 1 of Bursa Malaysia Securities Berhad Main Market Listing Requirements of KUB Group;
'Terms of Reference'	The terms of reference of the Committee;

In this Terms of Reference, unless the context otherwise requires:

Words importing the masculine gender shall include the feminine, neuter gender and vice versa; and

Words importing the singular shall include the plural and vice versa.

## **1. OBJECTIVES OF THE COMMITTEE**

The primary objectives of the Committee in relation to the nomination function are as follows:

- 1.1. to identify qualified individuals to serve as Board members and recommending such candidates for appointment to the Board and Board Committees.
- 1.2. to conduct periodic evaluations for assessment of the effectiveness of the Board as a whole, Board Committees and contribution of individual Directors, including Independent Directors.

The primary objectives of the Committee in relation to the remuneration function are as follows:

- 1.3. to recommend the remuneration framework to attract and retain the Directors and Senior Management required to run the Company successfully for the Board's approval. The remuneration package should be aligned with the business strategy and long-term objectives of the Company.
- 1.4. to carry out such duties that may be delegated by the Board.

## **2. COMPOSITION OF THE COMMITTEE**

- 2.1. The Committee shall comprise exclusively of Non-Executive Directors with a majority of them being Independent Directors.
- 2.2. The composition of the Committee shall consist not less than three (3) Members.

Where the Members for any reason are reduced to less than three (3), the Board shall within three (3) months of the event, appoint such number of new Members as may be required to make up the minimum number of three (3) Members.

- 2.3. All Members shall hold office only for so long as they serve as Directors of the Company.

2.4. The change of the Members of the Committee shall be decided by the Board from time to time.

**3. CHAIRMAN OF THE COMMITTEE**

3.1. The Board shall elect a Chairman from amongst the Members.

3.2. At all meetings of the Committee, the Chairman of the Committee, if present, shall preside. In the absence of the Chairman of the Committee, the remaining members present shall elect one of their members as Chairman of the meeting.

**4. SECRETARY OF THE COMMITTEE**

4.1. The Company Secretary and/or his or her representative shall be the Secretary of the Committee.

4.2. The Company Secretary shall ensure all appointments of new Directors have been properly made and are in compliance with the Act and the Listing Requirements. In carrying out his/her duty, the Company Secretary shall gather all necessary and relevant information from Directors prior to their appointments.

4.3. The Secretary shall draw up an agenda for each meeting, in consultation with the Chairman of the Committee. The agenda shall be sent to all Members of the Committee and any persons who may be required to attend the meeting.

4.4. The Secretary shall prepare the Minutes of the meeting and distribute it to each Member. The Minutes of the Committee shall be confirmed and signed by the Chairman of the Committee or the presiding Chairman at the next succeeding meeting.

4.5. The Minutes of the Committee meeting shall be maintained by the Secretary and may be made available for notation to the Board. The Minutes book shall be opened for the inspection of the Member of the Committee, Board, external auditors, internal auditors, Management and other persons deemed appropriate by the Company Secretary.

**5. PROCEEDINGS OF THE COMMITTEE**

5.1. The Committee shall convene meetings as and when required, provided that the Committee shall meet at least once a year.

- 5.2. The Chairman of the Committee, or the Secretary on the requisition of the Members, shall at any time summon a meeting of the Members by giving due notice. It shall not be necessary to give notice of a Committee meeting to any Member for the time being absent from Malaysia.
- 5.3. No business shall be transacted at any meeting of the Committee unless a quorum is present. Two (2) Members of the Committee shall constitute a quorum.

Any decision arising at the meeting shall be decided by a majority of votes, each Member having one vote and a determination by a majority of Member shall for all purposes be deemed a determination of the Members. In case of an equality of votes the Chairman of the meeting shall have a second or casting vote.

- 5.4. Any resolution in writing, signed or assented to by the majority Members of the Committee shall be as valid and effectual as if it had been passed at a meeting of the Committee duly convened and held, and may consist of several documents in the like form, each signed by one or more Members of the Committee.
- 5.5. All recommendations and findings of the Committee shall be submitted to the Board for approval.

**6. DUTIES, RESPONSIBILITIES AND FUNCTIONS OF THE COMMITTEE (THE LIST IS NOT EXHAUSTIVE)**

- 6.1. Roles and Responsibilities - Nomination matters :

On the Nomination matters, the committee is charged with the responsibility of overseeing the selections and assessments of Directors and Senior Management.

- 6.1.1. Responsible in identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise.
- 6.1.2. Evaluate the mix of skills, knowledge and experience on the Board and to prepare a description of the role and responsibilities required for a particular appointment of Director (if necessary)
- 6.1.3. Review the term of office and performance of the Audit Committee and each of its members annually.
- 6.1.4. Review the time required from a Non-Executive Directors
- 6.1.5. Give full consideration to succession planning in the course of its work, taking into account the challenges and opportunities facing the Company and what skills and expertise are needed on the Board in the future.

- 6.1.6. Regularly review the structure, size and composition (including the skills, knowledge and experience) of the Board and make recommendations to the Board with regard to any changes.
  - 6.1.7. Keep under review the leadership needs of the organisation, both Executive and Non-Executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace.
  - 6.1.8. Disclosure in the annual report about its activities; the process used for appointments and explain if external advice or open advertising has not been used; the membership of the Committee, number of Committee meetings and attendance of members over the course of the year.
  - 6.1.9. Develop criteria and oversee annual assessment of Directors with the appropriate criteria.
  - 6.1.10. Develop criteria to assess independence of Directors. Such assessment will then be conducted by the Board.
  - 6.1.11. Facilitate Board induction and training for newly appointed Directors.
  - 6.1.12. Review training programmes for the Board.
  - 6.1.13. Facilitate achievement of Board gender diversity policies and targets..
- 6.2. Roles and Responsibilities – Remuneration matters :

On the Remuneration matters, the Committee is responsible to draw up a procedure to determine fair remuneration to attract and retain Directors and Senior Management.

- 6.2.1. Support the Board in actively overseeing the design and operation of the Company's remuneration system.
- 6.2.2. Review and recommend to the Board on the remuneration of Non-Executive Directors, particularly on whether the remuneration remains appropriate to each Director's contribution, taking into account the level of expertise, commitment and responsibilities undertaken.
- 6.2.3. Review and recommend to the Board the remuneration arrangements for the Non-Executive Directors of the Board, including but not limited to fees, allowances and benefits-in-kind.

- 6.2.4. Review and recommend to the Board on the total individual remuneration package for Executive Director and Senior Management personnel including, where appropriate, bonuses, incentive payments within the terms of the agreed remuneration policy and based on individual performance.
- 6.2.5. Review and recommend remuneration arrangements for the Executive Director including but not limited to contract terms, annual remuneration and participation in the Company's short and long term incentive plans.
- 6.2.6. Review and recommend remuneration arrangements for Senior Management including contract terms annual remuneration and participation in the Company's short and long term incentive plans.
- 6.2.7. Review major changes and developments in the Company's remuneration, recruitment, retention and termination policies and procedures for Senior Management.
- 6.2.8. Review major changes and developments in the remuneration policies, superannuation arrangements, personnel practices and industrial relations strategies for the Group.
- 6.2.9. Review the Senior Management performance assessment processes and results as they reflect the capability of Management to realise the business strategy.
- 6.2.10. Review and approve short term incentive strategy, performance targets and bonus payments.
- 6.2.11. Recommending/Approving the appointment of remuneration consultants.
- 6.2.12. Oversee the qualitative and quantitative disclosures of remuneration made in the annual report and notice to General Meetings.
- 6.2.13. Provide clarification to shareholders during general meetings on matters pertaining to remuneration of Directors and Senior Management as well as the overall remuneration framework of the Company.

## **7. AUTHORITY**

- 7.1. The Committee is authorised by the Board to review, recommend and approve any matters within its Terms of Reference. The Committee shall have:
  - 7.1.1. Full and unrestricted access to any information pertaining to the Company and the Group;



- 7.1.2. Full access to the advice and services of the Company Secretary;
  - 7.1.3. Full access to independent professional advice and expertise to its duties or obtain the assistance of Management where necessary;
  - 7.1.4. Full and unrestricted access to any employee or member of the management; and
  - 7.1.5. The resources, which are required to perform its duties.
- 7.2. In discharging its duties, the Committee shall at all times be mindful of the provision of all applicable laws, regulations and guidelines.

**8. DISCLOSURE**

- 8.1. The Committee shall assist the Board in making certain disclosures concerning the activities of the Committee such as in the Corporate Governance Overview Statement and Corporate Governance Report in the Annual Report in accordance with the Listing Requirements.

**9. REVISION OF THE TERMS OF REFERENCE**

- 9.1. Any revision or amendment to the Terms of Reference, as proposed by the Committee shall be first be presented to the Board for its approval.
- 9.2. 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.

Revision Approved by:  
BODM (1/2018) dated 29 March 2018

Revision Recommended by:  
BNRC (1/2018) dated 27 March 2018