

**UZMA BERHAD (769866-V)**  
(Incorporated in Malaysia)

**NOMINATING AND REMUNERATION COMMITTEE**

**TERMS OF REFERENCE**

**1. Objectives**

The primary objective of the Nominating and Remuneration Committee (“Committee”) is act as a committee of the full Board of Directors (“Board”) to assist in discharging the Board’s responsibilities in the following areas:

- (a) 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;
- (b) Assessing the effectiveness of Directors of the Group on an ongoing basis;
- (c) Reviewing the effectiveness of the Chief Executive Officer, Chief Financial Officer and other senior executive officers;
- (d) Assessing the size and composition of the Board; and
- (e) Reviewing the Board’s corporate governance principles of the Group.
- (f) recommend to the Board the remuneration package of Executive Directors, Managing Director/Chief Executive Officer, Non-Executive Directors of the Group to attract, retain and motivate Directors.

**2. Members**

The Committee shall be appointed by the Board and shall consist of not less than 2 members of which comprising exclusively non-executive directors, a majority of whom shall be independent directors.

In the event of any vacancy in the Committee resulting in the non-compliance of the above, the Company must fill the vacancy within 3 months.

The Board must review on annual basis the terms of office and performance of the Committee and each of its members to determine whether such Committee and members have carried out their duties in accordance with their terms of reference.

**3. Chairman**

The Chairman shall be elected by the Committee from among their members.

**4. Functions**

The Committee shall:-

- i. recommend the nomination of a person or persons for all directorships to be filled by the shareholders or the board.
- ii. Consider, in making its recommendations, candidates for directorships proposed by the Managing Director and, within the bounds of practicability, by any other senior executive or any director or shareholder. The Committee may also utilise independent services to identify suitably qualified candidates. In making its recommendations, the Committee shall consider the candidates’:
  - skills, knowledge, expertise and experience;
  - professionalism;
  - character, integrity, commitment (including time commitment) and competency;
  - merit and against objective criteria with due regard for the benefits of boardroom diversity including gender, age, ethnicity experience, cultural background, skill, character, integrity and competence;

- 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; and
  - 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.
- iii. recommend to the Board, directors to fill the seats on Board committees.
  - iv. identify, evaluate and recommend candidates for appointment as Company Secretary;
  - v. to assess Directors on an on-going basis, the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director including his/her time commitment to effectively discharge his/her role as a director, character, experience and integrity vide a formal and objective assessment.
  - vi. to review annually the Board's mix of skills and experience and other qualities including core competencies which non-executive Directors should bring to the Board. This should be disclosed in the Annual Report.
  - vii. to develop, maintain and review the criteria to be used in the recruitment process and annual assessment of Directors. The nomination and election process as well as the criteria used in the selection process and the assessment undertaken in respect of its Board, committees and individual Director should be disclosed in the Annual Report.
  - viii. to assess the training needs of each Director, review the fulfilment of such training and to disclose details in the Annual Report as appropriate.
  - ix. to recommend to the Board for continuation (or not) in service of executive Director(s) and Directors who are due for retirement by rotation.
  - x. to orientate and educate new Directors as to the nature of the business, current issues within the Company and the corporate strategy, the expectations of the Company concerning input from the Directors and the general responsibilities of Directors.
  - xi. to recommend to the Board for continuation (or not) in service of executive Director(s) and Directors who are due for retirement by rotation.
  - xii. to review the character, experience, integrity, competence and time to effectively discharge the roles of chief executive and chief financial officer.
  - xiii. to assess annually the independence of its independent directors. This activity shall be disclosed in the Annual Report of the Company and in any notice of a general meeting for the appointment and re-appointment of independent directors.
  - xiv. to review and make recommendations to the Board on the succession plan for key positions in the Group and the Board to ensure continuity in senior management as well as in the Board.
  - xv. to 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, subjected to the following:
    - assessment by the Committee, regarding the independence and contributions;
    - shareholders' approval in a general meeting, where the Board provides strong justification on the recommendation.

If the Board continue to retain the Independent Director after the twelfth year, the Board should seek annual shareholders' approval through a two-tier voting process.

- xvi. to review and make recommendations to the Board on the succession plan for key

- positions in the Group and the Board to ensure continuity in senior management as well as in the Board.
- xvii. review on annual basis the terms of office and performance of the audit committee and each of its members.
  - xviii. to review on annual basis the remuneration packages of executive directors, non-executive directors and senior management having salary of RM30,000.00 per month and above and recommend to the Board for approval to ensure the levels of remuneration be sufficiently attractive and be able to retain high calibre Directors and senior management to run the Company successfully.
  - xix. to ensure the remuneration packages of directors and senior management are determined on the basis of their merit, qualification and competence, having regard to the Company's operating results, individual performance and comparable market statistics.
  - xx. to review and recommend to the Board and thereafter the shareholders at the Annual General Meeting, the fees of the directors and any benefits payable to the directors including any compensation for loss of employment of a director or former directors of the Company.
  - xxi. to consider all other related matters as may be requested by the Board from time to time.

#### **5. Succession Planning for Board and Senior Management**

The Committee shall:

- 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;
- 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 and Senior Management in future;
- 3. make recommendations to the Board concerning the succession plans for Executive Directors and Senior Management;
- 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;
- 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
- 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.

#### **6. Meetings and Minutes**

Meetings shall be held not less than once a year. Additional meetings shall be held as and when the Committee or the Chairman of the Committee shall decide. The Committee meetings shall be governed by the provisions of the Company's Constitution relating to Board meetings unless otherwise provided for in this Terms of Reference. The quorum shall be 2 members with majority of independent directors. The Committee may establish procedures from time to time to govern its meetings, keeping of minutes and its administration.

A member of Committee may participate in a meeting by means of a telephone conference or video conference or any other means of audio-visual communications and the person shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.

The notice and agenda for each Committee meeting shall be sent to all members of the Committee and any other persons who may be required to attend the meeting within a reasonable period prior to the meeting.

The Chairman of the Committee shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities as well as on any other matter that should be brought to the Board's attention and provide recommendations of the Committee that require the Board's approval at the Board meeting.

The Committee shall regulate the manner of proceedings of its meetings, having regard to normal conventions on such matter. 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.

The minutes of meetings of the Committee shall be circulated to all members of the Board and kept at the registered office of the Company. The minutes shall be open for inspection by the Board. Any request by Management or other persons to inspect the minutes shall be subjected to the approval of the Committee for inspection if required.

**7. Secretary**

The Company Secretary or other appropriate senior official shall be the Secretary to the Committee.

**8. Access to Advice**

In furtherance to their duties as the Committee's members of the Company, there should be an agreed procedure for the members, whether as a full Committee or in their individual capacity, to take independent professional advice at the Company's expense, if necessary.

**9. Reporting Procedure**

- i. The actual decision as to who shall be appointed to the Board shall be the responsibility of the Board after considering the recommendation of the Committee.
- ii. Reporting to the Board from time to time its recommendations for consideration and implementation.

**10. General Meeting**

The Chairman of the Committee should attend the Annual General Meeting to answer any questions raised by the shareholders relating to the activities of the Committee.

**11. Revision of the Terms of Reference**

- Any revision or amendment to this Terms of Reference, as proposed by the 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.
- The Terms of Reference shall be reviewed and updated regularly or as and when there are changes to the Recommendation of Malaysian Code of Corporate Governance, Listing Requirements of Bursa Malaysia Securities Berhad or any other regulatory requirements. It should also be reviewed and updated when there are changes to the direction or strategies of the Company that may affect the Committee's role.
- The duly revised or amended Terms of Reference shall be uploaded on the Company's website.
- This Terms of Reference was reviewed and approved by the Board on 16 October 2019.