



**Metrod**

**METROD HOLDINGS BERHAD**

*REGISTRATION NO. 201001032606 (916531-A)*

**TERMS OF REFERENCE OF NOMINATING AND REMUNERATION COMMITTEE**

**MEMBERSHIP**

1. The members of the Nominating and Remuneration Committee (“NRC”) shall be appointed by the Board of Directors of the Company amongst its directors, and shall comprise exclusively of Non-Executive Directors, a majority of whom must be Independent Non-Executive Directors.
2. The Chairman of the Board must not be a member of the NRC.
3. The size of NRC shall consist of not less than three (3) members. In the event of any vacancy resulting in the non-compliance of the requirements, the Board shall fill the vacancy within three (3) months.
4. No Alternate Director should be appointed as a member of the NRC.

**CHAIRMAN**

1. The Board of Directors must elect a Chairman among NRC members who is an Independent Non-Executive Director.
2. In the absence of the NRC Chairman, the remaining NRC members present shall elect one of their members amongst the Independent Non-Executive Directors to be Chairman of the meeting.

**SECRETARY**

The Company Secretary shall be the Secretary of the NRC or in his absence, the NRC Chairman or Chairman of the meeting shall choose another person as the secretary of the meeting.

**QUORUM**

The quorum for meeting shall be two (2) members with a majority of whom present must be Independent Non-Executive Directors.

**MEETING PROCEDURES**

- (a) The NRC should meet at least once a year or hold additional meetings as and when necessary to discharge its responsibilities as spelt out in this Terms of Reference.
- (b) The agenda together with the meeting papers shall be circulated to all NRC members at least five (5) business days in advance or a timeline set and agreed between the Chairman and the Company Secretary before the meetings for perusal and deliberating at the meetings. However, confidential papers may be distributed during the meeting but presentations or briefings will be made by Management to aid the NRC members in making well-informed decisions.



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- (c) The NRC may call for a meeting as and when required with reasonable notice as the NRC members deem fit. The NRC members may participate in a meeting by means of video or teleconferencing or any similar or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting. Minutes of such a meeting signed by the NRC Chairman shall be conclusive evidence of any resolution passed at the meeting conducted in the manner as aforesaid.
- (d) Any Board members or any member of Management, who the NRC thinks fit, may attend the meeting at the NRC's invitation only, as and when appropriate.
- (e) The Secretary shall cause minutes of all proceedings of the NRC meeting to be entered in books for that purpose. The minutes of the NRC meeting should be circulated to all the NRC members. Minutes shall be kept by the Company at the Registered Office and shall be opened for inspection by any NRC member.
- (f) The Board of Directors should be kept aware of the NRC's activities by way of the NRC Minutes being circulated together with the Board meeting papers.
- (g) A resolution in writing signed or approved via letter, telex or facsimile by simple majority of the NRC members shall be valid and effectual as if it had been passed at a meeting of the NRC duly convened, held and constituted. Any such resolution to be passed may be in a single document or may consist of several documents in the like form signed by one or more members of the NRC.
- (h) A matter put to vote at the NRC meetings shall be decided by a simple majority of the votes. In the event of an equality of votes, the Chairman has the casting vote. A member of the NRC who has an interest or is involved directly or indirectly in any matter under consideration by the meeting, shall abstain from deliberating and voting.

**DUTIES AND RESPONSIBILITIES OF THE NRC**

The duties and responsibilities of the NRC are as follows:

**Nominating Function**

- (a) To review and assess the independence of the Independent Directors annually, and determine whether the Board members can remain as Independent Director after serving a cumulative term of nine (9) years.
- (b) To develop, maintain and review the criteria to be used in the recruitment process and annual assessment of Directors and Senior Management.



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- (c) To ensure that the Board level recruitment matters are discussed in depth, allowing the Board to spend time on strategic and operational matters.
- (d) To recommend to the Board of Directors a framework for the evaluation of the Board's and individual's performance for approval of the Board of Directors.
- (e) To review and recommend appointment of Directors and Senior Management to Board Committees.
- (f) To consider and recommend to the Board, candidates for directorships, proposed by the Director or to be filled by the shareholders, taking into consideration of the candidates' skills, knowledge, expertise and experience, time commitment, character, professionalism, integrity and in the case of the candidates for the position of Independent Non-Executive Directors, the NRC should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors to ensure that the Company recruits and retains the best available Executive and Non-Executive Directors.
- (g) Considering, in making recommendations, candidates for directorships proposed by the CEO, and within the bounds of practicability, by any Senior Management or any Director or Shareholder.
- (h) Ensuring, in making recommendations, the Board does not solely rely on recommendations from existing board members, management or major shareholders and independent sources are being used to identify any suitably candidates for directorships. If the selection of candidates was solely based on recommendations made by existing Board, management or major shareholders, the NRC should explain why other sources were not used.
- (i) To recommend to the Board of Directors the appointment of members of each Board Committee.
- (j) To review the structure, size and diversity (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board, including core competencies which Non-Executive Directors should bring to the Board at least annually; and make recommendations to the Board with regards to any adjustment that are deemed necessary.
- (k) To assist the Board to assess annually the effectiveness of the Board of Directors as a whole, the Board Committees and contribution of each individual Director, including Independent Non-Executive Directors and CEO, including his/her character, competence, experience and time commitment to effectively discharge his/her role as a Director. Thereafter, recommend its findings to the Board of Directors.



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- (l) To assist the Board to assess the performance of CEO and Chief Financial Officer annually, and recommend its findings to the Board of Directors. With regard to the annual assessment of CEO and Chief Financial Officer, the NRC shall be guided by the Human Resource Procedures on the assessment of CEO and Chief Financial Officer.
- (m) Review the performance of the Board and Senior Management in addressing the Company's material sustainability risks and opportunities.
- (n) To review and approving any new employment of related persons and the proposed terms of their employment.
- (o) To assess the retirement of Directors by rotation and eligibility for re-election or re-appointment. Due consideration should be given to the extent to which the interplay of the Director's expertise, skills, knowledge and experience was demonstrated with those of other Board members.
- (p) Review Board and Senior Management succession plans and overseeing the development of a diverse pipeline for Board and management succession, including the future Chairman, Executive Directors and CEO, and periodically reporting to the Board of Directors.
- (q) To review the term of office and performance of the Audit Committee and each of its members annually to determine whether such Audit Committee members have carried out their duties in accordance with their Terms of Reference.
- (r) Review the tenure of each director and ensure that the annual re-election of a director is based on satisfactory evaluation of the director's performance and contribution to the Board.
- (s) Conduct the fit and proper assessment prior to the appointment of any candidate as a Director, or making recommendation for the re-election of an existing Director.
- (t) To ensure that new Directors undergo a comprehensive induction program and to identify suitable training needs for the continuous development of Board members. This will enable them to stay informed about industry developments, regulatory changes, and business trends, equipping them with the knowledge and skills necessary to effectively fulfill their duties as Directors.
- (u) In exercising objectivity in the assessment process, the NRC members should not be influenced by major controlling shareholders or the CEO or Executive Directors.
- (v) The Board remains responsible for considering and approving recommendations from the NRC.
- (w) The Board should work together with the NRC to evaluate potential successors of Board Chairman and CEO.



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- (x) Each NRC member should abstain from deliberation and decision of any resolutions which involving his own interest.
- (y) Ensure the Board comprises at least 30% women directors and to review the participation of women in senior management to ensure there is healthy talent pipeline.

**Remuneration Function**

- (a) Review Group's policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of directors and senior management, and recommend to the Board for approval.
- (b) To review and recommend to the Board, the remuneration packages of CEO, Executive Directors, Non-Executive Directors and Senior Management of the Company, having regard to the Group's operating results, individual performance and other factors.
- (c) To ensure fees and benefits payable to directors, and any compensation for loss of employment of Executive Director are approved by shareholders at General Meetings.

**ACCESS TO ADVICE**

The NRC members of the Company have access to any form of independent professional advice and services of the Company Secretary at the Company's expense, if and when required, in carrying out its functions.

**REVIEW OF THE WRITTEN TERMS OF REFERENCE**

Any amendments to this Terms of Reference to be approved by the Board. These Terms of Reference will be reviewed and updated periodically in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Committee's responsibilities. The written Terms of Reference will be made to public on the Company's website at [www.metrod.com](http://www.metrod.com).