



HARTANAH KENYALANG BERHAD

[Registration No: 202401034991 (1580838-V)]

TERMS OF REFERENCE OF THE NOMINATION AND REMUNERATION COMMITTEE

1. OBJECTIVE

The purpose of the Nomination and Remuneration Committee ("Committee") is to assist the Board in regards to: -

- 1.1 Ensuring that the Board is effective with an appropriate mix of skills, knowledge and experience to discharge its responsibilities and duties in meeting the Company's mission, vision, culture and values.
- 1.2 Ensuring an appropriate framework and succession plan in place to achieve diverse talent pipeline for the Board and senior management.
- 1.3 Ensuring the appointment of Board members and Senior Management are based on objective criteria such as diversity in skills, experience, expertise, professionalism, integrity, age, gender and background. However, the ultimate decision as to who shall be nominated shall be the responsibility of the full Board after considering the recommendations of the Committee.
- 1.4 Ensuring that the remuneration policies are reviewed periodically through a transparent and independent process for the Group Managing Director, Executive Directors, Non-Executive Directors and Senior Management.
- 1.5 Reviewing and making recommendations for approval by the Board in respect of matters relating to the remuneration of Directors and Senior Management.

2. COMPOSITION

- 2.1 The Board shall appoint the members from amongst the Directors and shall consist of not less than three (3) members, all of whom shall be Non-Executive Directors with a majority of them being Independent Non-Executive Directors.
- 2.2 The Chairman of the Committee shall be an Independent Non-Executive Director.
- 2.3 The Chairman of the Board should not be a member of the Committee.
- 2.4 No Alternate Director shall be appointed as a member of the Committee.
- 2.5 All members of the Committee shall hold office only as long as they serve as Directors of the Company. If any member of the Committee ceases to be a Director of the Company, his or her membership in the Committee shall automatically cease forthwith.
- 2.6 In the event that the membership of the Committee for any reason is reduced to less than three (3), the Board shall, within three (3) months from the date of that event, appoint such number of new member(s) as may be required to make up the minimum number of three (3) members.
- 2.7 The Company Secretary shall be the Secretary of the Committee.

3. AUTHORITY

The Committee is authorised by the Board to: -

- 3.1 Seek the services of a Company Secretary who must ensure that all appointments are properly made and that all decisions made regarding the remuneration packages are properly recorded;
- 3.2 Have full and unrestricted access to any information pertaining to the Company or the Group in order to perform its duties; and
- 3.3 Obtain external legal or other independent professional advice as necessary for the performance of its duties.

4. DUTIES AND RESPONSIBILITIES

The Committee shall have the duties and responsibilities as follows: -

4.1 Nomination Function

- (a) to review annually the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual Director;
- (b) to review and recommend to the Board for approval, the appropriate size, composition, mix of skills and experience, and diversity (including gender diversity) of the Board and Board Committees, including core competencies that non-executive and executive directors should possess;
- (c) to consider, evaluate and propose to the Board any new board appointment, whether of executive or non-executive position, as well as Directors due for re-election by assessing their suitability based on a prescribed set of criteria comprising but not limited to the following: -
 - (i) assess the candidates' expertise, skills, knowledge, experience, professionalism, commitment, contribution, performance, integrity, competence and character;
 - (ii) independence and conflicts of interest;
 - (iii) external directorship(s) of the candidate, if any;
 - (iv) other considerations including age, ethnicity and gender;
 - (v) in the case of candidates being considered for the position of Independent Director, such candidates should be of calibre, and credibility and have the necessary skill and experience to bring an independent judgement to bear on issues considered by the Board; and

- (vi) In the case of candidates filling seats in respect of the Audit and Risk Management Committee (“ARMC”) in particular, to ensure the candidate is financially literate and possesses a wide range of necessary skills to discharge his/her duties.
- (d) to establish an appropriate framework at the Board level for succession planning and boardroom diversity;
- (e) to review annually the training programmes attended by the Directors for each financial year as well as the training programmes required to aid the Directors in the discharge of their duties as Directors and to keep abreast with industry developments and trends;
- (f) to review and assess the independence of Independent Directors on an annual basis and if the Directors meet the identified independence criteria and are not disqualified under the relevant regulations;
- (g) to review the tenure of each director and ensure that the annual re-election of a director is based satisfactory evaluation of the director’s performance and contribution to the Board and meet the criteria as set out in the Fit and Proper policy;
- (h) to assess and review on an annual basis the effectiveness of the Board as a whole, Board Committees, and the contribution of each individual Director and Group Managing Director including his/her character, competence, experience, gender diversity and commitment. All the assessments and evaluations carried out by the Committee in the discharge of its duties shall be disclosed in the Annual Report;
- (i) to evaluate and review the performance of the Board and senior management including the performance of the Board and senior management in addressing the company’s material sustainability risks and opportunities;
- (j) to review Board and Senior Management succession plans and oversee the development of a diverse pipeline for the Board and management succession, including the future Chairman and Executive Directors;
- (k) to annually review the term of office and performance of the ARMC and each of its members to determine whether the ARMC and its members have carried out their duties in accordance with their terms of reference;
- (l) to periodically review the job descriptions of Executive Directors and Senior Management; and
- (m) to carry out such other functions as may be delegated by the Board from time to time.

4.2 Remuneration Function

- (a) to review the remuneration policies and packages of the Executive Directors, members of the Committees of the Board and senior management, and recommend to the Board for approval;

- (b) to ensure that the remuneration packages of Executive Directors and senior management reflect the market value, merit, qualification, expertise, performance, responsibilities, taking into consideration the Group's business and performance;
- (c) to ensure that Non-Executive Directors receive the level of remuneration packages that reflect the experiences, responsibilities and time commitment undertaken, and ensure fairness of the remuneration package in order to attract, retain and motivate quality talent;
- (d) to review the formulation of key performance indicators of the Executive Directors and Senior Management, and to assess on a periodic basis, their actual performance against the approved key performance indicators;
- (e) to review major changes in employee remuneration and benefit structures throughout the Group; and
- (f) to carry out other responsibilities, functions or assignments as may be prescribed by the Board from time to time.

5. PROCEEDINGS OF MEETINGS

- 5.1 The Committee shall meet not less than once a year and additional meetings may be called as and when deemed necessary.
- 5.2 The quorum for a meeting of the Committee shall consist of two (2) members and a majority of the members present must be Independent Directors.
- 5.3 The meeting of the Committee may be held and conducted through the telephone or any communication equipment which allows all persons participating in the meeting to hear each other. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote and be counted in a quorum accordingly.
- 5.4 A matter put to vote at the Committee 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. The Chairman shall not have a casting vote when only (2) members (one of whom is the Chairman) form a quorum or when only two members are competent to vote on the question at issue.
- 5.5 Any member of the Committee who has an interest or is involved directly or indirectly in any matter under consideration by the meeting, must declare his/her interest in the matters and he/she shall abstain from deliberating and voting.
- 5.6 The Committee may, as and when deemed necessary, invite any Board members or any member of management or any employee of the Company, who the Committee thinks fit, to attend the meetings to assist and provide pertinent information as necessary.
- 5.7 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

- 5.8 Minutes of Committee meetings shall be kept by the Company at the registered office or a place determined by the Board pursuant to the Companies Act 2016 and circulated to each member of the Committee and the Board.
- 5.9 The Company Secretary, in consultation with the Chairman of the Committee, shall draw up the agenda and notice of the meeting.
- 5.10 The notice of the meeting, together with the meeting materials, shall be circulated at least five (5) business days or shorter notice where it is unavoidable, prior each meeting to the members of the Committee.
- 5.11 Meeting papers should be clear and comprehensive to provide concise information to the members to facilitate their deliberation and decision-making. All members are given sufficient time to review the meeting papers prior to Board meetings.
- 5.12 A resolution in writing signed or approved by letter, electronic mail or other forms of electronic communications by all Committee members shall be deemed to have been passed at a meeting of the Committee duly called and constituted. Any such resolution may consist of several documents in like form, each signed by one (1) or more Committee members.

6. REVIEW OF THE TERMS OF REFERENCE

- 6.1 The Terms of Reference shall be reviewed and updated from time to time to ensure its relevancy.
- 6.2 The latest copy of the Terms of Reference of the Committee shall be made available on the Company's website.