



A member of **UEM Group**

UEM EDGENTA BERHAD

(5067-M)

(Incorporated in Malaysia)

TERMS OF REFERENCE OF NOMINATION AND REMUNERATION COMMITTEE

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TERMS OF REFERENCE

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1.0 MEMBERSHIP OF THE NOMINATION AND REMUNERATION COMMITTEE (“NRC”)

- 1.1 The NRC of UEM Edgenta Berhad (“UEM Edgenta”) shall be appointed by the Board of Directors (“Board”). All members of the NRC, including the Chairman, will hold office only so long as they serve as Directors of UEM Edgenta.
- 1.2 The NRC shall comprise of not less than three (3) Members, all of whom should comprise exclusively of Non-Executive Directors (“NED”), a majority of the members must be independent.
- 1.3 Where the Members for any reason are reduced to less than three (3), the Board shall within six (6) months of the event, appoint such number of new Members as may be required to make up the minimum number of three (3) Members.
- 1.4 The members shall elect a Chairman from amongst themselves.
- 1.5 Members of the NRC may relinquish their membership in the NRC with prior written notice to the Company Secretary and may continue to serve as Director of UEM Edgenta. The NRC will review and recommend to the Board for approval, other directors to fill up such vacancies.
- 1.6 The term of office and performance of the NRC and each of the members shall be reviewed by the Board at least once every three (3) years to determine whether the NRC and its members have carried out their duties in accordance with the terms of reference of the NRC.

2.0 TERMS OF REFERENCE OF THE NOMINATION AND REMUNERATION COMMITTEE

2.1 Objectives

- 2.1.1 To lead the process of overseeing the selection and assessment of Directors and contribute towards ensuring that Board composition effectively meets the needs of UEM Edgenta, operating subsidiary companies and where possible, associate companies (“UEM Edgenta Group”).
- 2.1.2 To consider, in making its recommendations, candidates for directorships proposed by the Managing Director/Chief Executive Officer and within the bounds of practicability, by any other Senior Executive or any Director or Shareholder and to recommend to the Board candidates for appointment to the Board and/or to fill the Board Committees.
- 2.1.3 To recommend to the Board, candidates for top key senior personnel of the UEM Edgenta Group and ensure the candidates satisfy the relevant requirements on skills, core competencies and leadership qualities.
- 2.1.4 To set the remuneration framework and to make recommendations to the Board on all elements of the remuneration, terms of employment, reward structure and fringe benefits for Executive Directors, the Chief Executive and other Senior Management with the aim to attract, retain and motivate individuals of requisite quality. The remuneration of Executive Directors shall link rewards to corporate and individual performance.
- 2.1.5 To carry out any other purpose as directed and approved by the Board of the Company from time to time.

2.2 Duties and Responsibilities

- 2.2.1 Assesses and recommends to the Board the candidacy of directors, appointment of directors to Board Committees, review of Board's succession plans and training programmes for the Board. In assessing and making the recommendations, the NRC should consider the candidates': -
- a) competency, commitment, contribution and performance;
 - b) skills, knowledge, expertise and experience;
 - c) professionalism;
 - d) background;
 - e) character and integrity;
 - f) leadership qualities;
 - g) boardroom diversity including gender diversity; and
 - h) in the case of candidates for the position of Independent Non-Executive Directors ("INED") the NRC should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from INED.
- 2.2.2 To identify, review and subsequently recommend to the Board the potential candidates for both executive and NED and to recommend to the Board the candidates for directorships in the Company, in line with item 2.2.1.
- 2.2.3 To implement the process formulated by the Board designed to assess the effectiveness of the Board as a whole.
- 2.2.4 To develop, maintain and review the criteria to be used in the recruitment process and annual assessment of directors. The nomination and election process should be disclosed in the Annual Report as appropriate.
- 2.2.5 Develops the criteria to assess independence of the Board's Independent Directors and carry out the assessment annually.
- 2.2.6 Reviews annually the required mix of skills and experience and other qualities, including core competencies which NED should bring to the Board.
- 2.2.7 To assess the Directors annually, 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. All assessments and evaluations carried out by the NRC in the discharge of all its functions shall be properly documented.
- 2.2.8 Reviews mix of Directors to ensure high standard of Board performance and succession for both Executive and NED in the event of any deficiency.
- 2.2.9 To review the character, experience, integrity, competence and time commitment to effectively discharge the roles of Managing Director/Chief Executive Officer and Chief Financial Officer.
- 2.2.10 To recommend suitable orientation, educational and training programmes to continuously train and equip existing and new Directors.
- 2.2.11 To facilitate and promote the Board induction and training programmes.

- 2.2.12 To regularly examine the structure, size and composition of the Board with a view to determine the number of Directors on the Board in relation to its effectiveness and ensure that at every annual general meeting, one-third (1/3) of the Directors for the time being shall retire from office.
- 2.2.13 To recommend the re-election/re-appointment of Directors under the retirement by rotation provisions of the Articles of Association of the Company and the Companies Act, 1965.
- 2.2.14 To conduct an evaluation on the re-appointment of Director who has served as an INED of the Company for a cumulative term of more than nine (9) years, and recommend him to continue to act as INED of the Company with justifications, if deemed fit.
- 2.2.15 Assist the Board in reviewing the performance of the Senior Management (UT2 and above) annually.
- 2.2.16 To review Senior Management's succession plans and to ensure there are programmes in place to provide for the orderly succession of Senior Management.
- 2.2.17 To review the remuneration policies and procedures to attract and retain directors.
- 2.2.18 To review and recommend to the Board for approval at general meetings the fee structure of the Board and Board Committees to reflect the skills and competencies as well as general practice in the market place.
- 2.2.19 To review and recommend to the Board the remuneration of Executive Directors and NED in all its forms and to review the Group's remuneration policies and procedures which should be disclosed in the Annual Report.
- 2.2.20 To review the terms of office and performance of the Audit and Risk Committee annually.
- 2.2.21 Carries out all other functions to accomplish the objectives for which the NRC was formed.

2.3 Powers

- 2.3.1 In carrying out its duties and responsibilities, the NRC shall have the following powers:-
 - a) Full and unrestricted access to the Company's records, properties and personnel;
 - b) Take independent professional advice and expertise necessary for the performance of its duties; and
 - c) Access to the advice and services of the Company Secretary.

2.4 Meetings

- 2.4.1 The NRC should meet at least once in every financial year and at such other time(s) as it deems necessary to fulfil its responsibilities.
- 2.4.2 The meetings shall be chaired by the Chairman of the NRC. In the absence of the Chairman, the members present shall elect from among themselves, a Chairman for the meeting.

2.4.3 The Chairman will report to the Board after each meeting. All recommendations and findings of the NRC are to be submitted to the Board for approval.

2.4.4 A meeting may be held by way of tele-conferencing, video-conferencing or other telecommunication means, which permits all persons participating in the meeting to communicate with each other. A person so participating shall be deemed to be present in person at such meeting and shall be counted in a quorum and be entitled to vote.

2.5 Quorum and Decision-Making

2.5.1 The quorum for each meeting shall be 2 members who shall be 'independent' members. Decisions of the NRC shall be made on the basis of simple majority agreement by the members.

2.5.2 The Executive Director and/or other appropriate officers may be invited to attend where their presence is considered appropriate.

2.5.3 The number of meetings held a year and the details of attendance of each individual member in respect of meetings held should be disclosed in the Annual Report.

2.6 Secretary

2.6.1 The Company Secretary shall be the Secretary to the NRC and shall attend and record the proceedings and decisions of the meetings for adoption by the Board.

2.7 Decisions by Circular Resolutions

2.7.1 In the absence of a meeting and in cases of absolute necessity, any issues may be resolved through Circular Resolutions and approved by all the NRC members.

2.8 Terms of Reference

2.8.1 These Terms of Reference of the NRC are determined by the Board and may be revised from time to time with the Board's approval.

3.0 POSITION DESCRIPTIONS

3.1 Chairman of the NRC

The following are duties and responsibilities of the Chairman of the NRC. These are not exhaustive and serve merely as a baseline:

3.1.1 Helps the NRC fulfil the goals it sets by assigning specific tasks to members of the Committee and identifies guidelines for the conduct of the members and ensures that each member is making a significant contribution.

3.1.2 Looks to the Company Secretary, with the assistance of the Company's Head of Human Resources where necessary, for guidance to the NRC on what their responsibilities are under the rules and regulations to which they are subject and how those responsibilities should be discharged.

- 3.1.3 Provides a reasonable time for discussion at the meeting. Organises and presents the agenda for regular or special NRC meetings based on input from members and ensures that all relevant issues are on the agenda. In addition, the Chairman should encourage a healthy debate on the issue and bring to the NRC a healthy level of scepticism and independence.
- 3.1.4 Provides leadership to the NRC and ensures proper flow of information to the NRC, reviewing adequacy and timing of documentation.
- 3.1.5 Ensures that all members are enabled and encouraged to play their full part in its activities. This includes making certain that all members receive timely, relevant information tailored to their needs and that they are properly briefed on issues arising at NRC meetings.
- 3.1.6 Secures good corporate governance and ensures that members look beyond their NRC function and accept their full share of responsibilities of governance materials in support of management's proposals.
- 3.1.7 Manages the processes of the NRC and ensures that the NRC Members discharge their responsibilities. Appropriate procedures may involve the NRC meeting on a regular basis without the presence of management.
- 3.1.8 Ensures that every NRC resolution is put to a vote to ensure that it is the will of the majority that prevails.
- 3.1.9 Ensures the working of the NRC and NRC's full discharge of its duties.

3.2 Members of the NRC

Each NRC member will be expected to:

- 3.2.1 Provide individual external independent opinions to the fact-finding, analysis and decision making process of the NRC, based on their experience and knowledge.
- 3.2.2 Consider viewpoints from the other NRC members; make decisions and recommendations for the best interest of the Board collectively.
- 3.2.3 Keep abreast of the latest corporate governance guidelines in relation to the NRC and the Board as a whole.
- 3.2.4 Continuously seek out Best Practice in terms of the processes (performance assessment, etc) utilised by the NRC, following which these should be discussed with the rest of the NRC for possible adoption.
- 3.2.5 Declare to the NRC of any facts or circumstances arising in the course of its deliberations which may affect the exercise of his independent judgment such as any prior or existing family, business or other relationship with a candidate.

4.0 POLICY AND PROCEDURES

- 4.0.1 This policy of the NRC aims to put in place:
 - a) adequate and effective selection process for the appointment of new Directors;
 - b) adequate and effective process for the evaluation on the effectiveness of the Board, Board Committees and individual Directors; and

- c) remuneration framework for Executive Directors, the Chief Executive and Senior Management, including succession planning.

4.1 Appointment of New Director

4.1.1 When reviewing the nomination of new Director, the NRC shall:

- a) be guided by item 2.2.1;
- b) consider candidate proposed by the Executive Director and within bounds of practicability, by any other Senior Executive, Director or Shareholder of the Company; and
- c) consider candidate to be nominated as Directors which fairly reflects the investment in the Company by Shareholders other than the Significant Shareholder; or
- d) consider candidate to be nominated as Directors which fairly reflects the investment in the Company by a Shareholder who is not a Significant Shareholder but is still the largest Shareholder.

4.1.2 For the purposes of this Framework of Policies, a "Significant Shareholder" is defined as a shareholder with the ability to exercise a majority of votes for the election of Directors.

4.2 Evaluation on the Effectiveness of Board, Board Committees and Individual Directors

4.2.1 The NRC shall convene a meeting in the first quarter of every year to review the following and report its findings to the Board for its consideration: -

- a) effectiveness of the Board and Board Committees;
- b) contribution of each individual Director;
- c) mix of skills of individual Directors, experience and other qualities including core competencies of NED; and
- d) any other area as may be directed by the Board.

4.2.2 The NRC shall evaluate the above areas and may obtain independent professional advice and expertise to assist the NRC to carry out this function.

4.2.3 For the avoidance of doubt, the performance of Executive Directors for the purpose of establishing their bonus, salary increments and other annual benefits shall be reviewed by their appropriate superior in accordance with approved Group procedures taking cognizance prevailing market practices and unique criteria of each business unit, the results of which shall be tabled for recommendation to the NRC and subsequent approval by the Board.