



## **MATANG BERHAD**

Registration No.: 201501017043 (1142377-X)  
(Incorporated in Malaysia)

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

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#### **1.0 OBJECTIVES**

The primary objectives of Nomination and Remuneration Committee ("**NRC**") are to assist the Board of Directors ("**the Board**") in fulfilling its roles and responsibilities with regards to: -

- 1) the development and implementation of the policies on nomination and appointment of Directors, Committee members and Chief Officers in Matang Group, to achieve long-term sustainability. The NRC also assist the Board in the conduct of their annual effective evaluation; and
- 2) the development and implementation of the framework and policies on the remuneration of Directors and Chief Officers of Matang Group, to ensure the same are fair and implemented through a transparent and independent process.

#### **2. COMPOSITION**

- 1) The NRC shall be appointed from amongst the Board and shall be comprised of: -
  - (a) not fewer than two (2) members; and
  - (b) exclusively Non-Executive Directors of the Company, a majority of whom must be Independent Director.
- 2) Where the membership of the NRC falls below two (2) due to retirement or resignation or any other reason, the vacancy must be filled within three (3) months to make up the minimum of three (3) members.
- 3) The effectiveness of the NRC shall be assessed by the Board on an annual basis.



### **3. CHAIRMAN**

- 1) The Chairman of the NRC shall be an Independent Non-Executive Director. The Chairman of the Board shall not be the Chairman of the NRC.
- 2) If the Chairman of the NRC is not present within fifteen (15) minutes after the time appointed for the holding of the Meeting, the NRC members present shall elect one of their members to be the Chairman of the meeting.
- 3) The Chairman's role is to: -
  - (a) lead the succession planning and appointment of Board Members, including the future Chairman of the Board and the Executive Directors; and
  - (b) lead the annual review of board effectiveness, ensuring that the performance of each individual Director and Chairman of the Board is independently assessed.

### **4. SECRETARY**

- 1) The Company Secretary of the Company or such substitute as appointed by the Board from time to time shall act as the Secretary of the NRC during the term of his/her appointment. The Secretary of the NRC shall be responsible for drawing up the agenda with concurrence of the Chairman and circulating it, supported by explanatory documentations to members of the NRC prior to each meeting.
- 2) The Company Secretary shall also be responsible for attending, recording and keeping the minutes of meetings of the NRC and circulating them to the NRC members. The minutes shall be kept by the Company at the Registered Office or the principal place of business of the Company and shall be open for inspection by any member of the NRC and the Board without charge.

### **5. DUTIES AND RESPONSIBILITIES**

The NRC's responsibilities shall include, but are not limited to, the following: -

#### **1) Nomination Functions**

- (a) To consider and recommend to the Board, candidates for directorships proposed by the shareholders, the Board, Chief Officers or outsource service providers. In making its recommendations, the NRC shall evaluate candidates' skills, knowledge, competence, expertise and experience, professionalism, integrity, age and time commitment



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

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In the case of candidates for the position of Independent Non-Executive Director, the Committee shall also evaluate the candidates' background, current activities, ability and his/her ability to act independently from Chief Officers when discharging such responsibilities as would be expected from Independent Non-Executive Directors.

- (b) To evaluate the balance of skills, knowledge, experience, gender, independent elements and diversity on the Board, and the current and future needs and size of the Company before any appointment by the Board. In identifying suitable candidates, the NRC may:
  - (i) conduct the fit and proper assessment;
  - (ii) use the service of external advisors to facilitate the search from diverse pool;
  - (iii) consider candidates from a wide range of backgrounds;
  - (iv) consider candidates on merit and with due regards to diversity including gender, cultural background, ethnicity and age, character, professionalism, integrity and time commitments; and
  - (v) request to consider the disclosure of any business interests that may result in a conflict of interest.
  
- (c) To consider and recommend to the Board, candidates to fill the seats on Board Committees, in consultation with the respective Committee chairmen. If the position of chairman (for either the Board or a Committee) is to be filled, to consult with the Board.
  
- (d) To consider and recommend to the Board candidates for Executive Directors and Chief Officers, taking into consideration the candidates' skills, knowledge, expertise, expertise and experience, professionalism and integrity, character and diversity on Chief Officers. In identifying suitable candidates, the NRC may:
  - (i) conduct the fit and proper assessment;
  - (ii) use the service of external advisors to facilitate the search from diverse pool;
  - (iii) consider candidates from a wide range of backgrounds;
  - (iv) consider candidates on merit and with due regards to diversity including gender, cultural background, ethnicity and age, character, professionalism, integrity and time commitments; and



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

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- (v) request to consider the disclosure of any business interests that may result in a conflict of interest.
- (e) To develop and implement the fit and proper policy for the appointment and re-election of Directors of the Group that addresses the board quality and integrity.
- (f) To review and recommend to the Board, candidates for re-election of Directors by shareholders under the annual re-election provisions or retirement, with due consideration to the fit and proper assessment, the extent to which the interplay of the Director's expertise, skills, knowledge and experience with those of the Board members, as well as their roles as Committee members.
- (g) To conduct annual review on the independence of the Independent Director and recommend to the Board whether the Independent Director who has exceeding the cumulative term of nine (9) years, shall remain independent or be re-designated.
- (h) To develop and review the performance criteria to evaluate performance of the Board, Board Committees and individual Directors.
- (i) To assess annually the effectiveness of the Board as a whole, the Board Committees and contribution of each individual Director as well as the Chief Officers. All assessments and evaluations carried out by the NRC in the discharge of all its functions shall be properly documented. This process shall be coordinated by the NRC, with the assistance of the Company Secretary, and thus reporting to the Board at the end of each financial year with an assessment of the Board's performance and areas in which the Board, Board Committees or individual Director could improve.
- (j) To review annually the performance of the Board and Chief Officers in addressing the Company's material sustainability risks and opportunities.
- (k) To review the term of office and performance of the Audit and Risk Management Committee and each of its members annually to determine whether the Audit and Risk Management Committee and its members have carried out their duties in accordance with their terms of reference.
- (l) To identify appropriate training or induction programs for the Directors to ensure that all Directors receive continuous training annually.
- (m) To review and oversee the development of a succession planning framework for the Board and Chief Officers.



## **2) Remuneration Functions**

- (a) To establish a fair and transparent remuneration policy on remuneration for Directors and Chief Officers which takes into accounts their roles and responsibilities, the demands, complexity and performance of the Group including in managing material sustainability risk and opportunities as well as skills and experience required.
- (b) To design, formulate and recommend to the Board for its approval the remuneration packages for Executive Directors and Chief Officers including annual salary increment, bonuses, promotions, salary adjustments, promotion adjustments and ensure the remuneration level is sufficient to attract, retain and motivate high caliber individuals with the required qualification, skills, talent and expertise;
- (c) To review the performance of Executive Directors and Chief Officers as measured against the goals and objectives of the Company and recommend to the Board, the remuneration of the Executive Directors and Chief Officers in all its forms, drawing from outside advice as necessary.
- (d) To review and recommend to the Board, the remuneration packages of Non-Executive Directors for shareholders' approval at the Annual General Meeting in accordance with the Companies Act 2016 and ensure that the remuneration for Independent Directors should not conflict with their obligation in bringing objectivity and independent judgment on matters discussed.

Executive Directors and Chief Officers shall not be involved in discussions to decide on their remuneration. Directors who are shareholders and controlling shareholders with a nominee or connected Director on the Board shall also abstain from voting on the resolution to approve Directors' fees at the Annual General Meeting.

## **6.0 STRUCTURES AND PROCEDURES OF MEETINGS**

### **1) Frequency of Meetings**

The NRC shall meet at least once a year or as and when required, to perform the duties set out in the Terms of Reference. The Chairman shall ensure a report is given to the Board on its proceedings after each meeting within its duties and responsibilities.

### **2) Calling**

Chairman of the NRC may call for additional meetings at the request by any NRC member or the management.



**3) Notice**

Except in the case of an emergency, reasonable notice of every meeting shall be given in writing. The notice and agenda of meeting shall be circulated at least seven (7) days before each meeting to the NRC members and all those who are required to attend the meeting. Written material including information requested by the NRC from the Management or external consultants shall be received together with the agenda for the Meeting.

**4) Venue**

The NRC meeting may be held at two (2) or more venues within or outside Malaysia using any technology that enable the NRC members as a whole to participate for the entire duration of the meeting. The technology to be used for the purpose of this paragraph must enable each NRC member taking part in the meeting to communicate simultaneously with each of the other NRC members and may include telephone, video conferencing, or any other audio and/or visual device which permits instantaneous communication.

**5) Virtual meeting**

A virtual meeting shall be deemed to constitute a NRC meeting provided the following conditions are met: -

- (a) A NRC member shall be deemed to be present at a meeting of the NRC if he participates by instantaneous telecommunication device and all members of the NRC participating in the meeting of the NRC are able to hear each other and recognize each other's voice, and for this purpose, participation constitutes prima facie proof of recognition. For the purposes of recording attendance, the Chairman or Secretary of the NRC shall mark on the attendance sheet that the NRC member was present and participating by instantaneous telecommunication device.
- (b) A NRC member may not leave the meeting by disconnecting his instantaneous telecommunication device unless he has previously obtained the express consent of the Chairman of the meeting and a NRC member will be conclusively presumed to have been present and to have formed part of the quorum at all times during the NRC meeting by instantaneous telecommunication device unless he has previously obtained the express consent of the Chairman of the NRC meeting to leave the meeting.
- (c) Minutes of the proceedings at a NRC meeting by instantaneous telecommunication device will be sufficient evidence of such proceedings and of the observance of all necessary formalities if certified as correct minutes by the Chairman of the NRC meeting.



**6) Quorum**

Any two (2) members of the NRC shall constitute the quorum.

**7) Voting**

A resolution put to the vote of the meeting shall be decided on a show of hands by a majority vote. In the event of a tie, the Chairman shall have the casting vote. Nevertheless, at meetings where two (2) members are present or when only two (2) members are competent to vote on an issue, the Chairman of the NRC will not have the second casting vote. A member of the NRC who has an interest or is involved directly or indirectly in any manner under consideration by the meeting, shall abstain from deliberating and voting.

**8) Attendance**

The NRC may invite any other Directors or employees within the Company and its subsidiaries to attend any of its meetings. The NRC is also authorised to obtain external professional advice and if required, to invite outsiders with the relevant experience and expertise to attend the meeting to assist the NRC in its deliberations.

**9) Circular Resolution**

Any resolution in writing signed by majority members of the NRC for the time being shall be as valid and effectual as if it had been passed by a meeting of the NRC duly called and constituted. Any such resolution may consist of several documents in like form each signed by one (1) or more members. Any such document, may be accepted as sufficiently signed by a member if transmitted to the Company by telex, telegram, cable, facsimile or other electrical or digital written message purporting to include a signature of a member. A signed NRC's Circular Resolution transmitted by facsimile (fax) or any other electronic means shall be deemed to be an original.

**7. AUTHORITY**

The NRC shall, in accordance with the procedure to be determined by the Board and at the cost of the Company: -

- 1) have the appropriate resources which are required to perform its duties;
- 2) have full and unrestricted access to any information pertaining to the Company which it requires in the course of performing its duties;
- 3) have the right to obtain and seek independent professional or other advice at the expense of the Company, and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary; and



- 4) have the rights to request other Directors, Chief Officers, employees of the Group and consultants as applicable to participate in the NRC meetings, as necessary, to carry out their responsibilities.

## **8. REVIEW OF THE TERMS OF REFERENCE**

The TOR shall be reviewed and updated on a periodic basis, as and when necessary, especially when there are changes to the Malaysian Code on Corporate Governance, ACE Market Listing Requirements, any other regulatory requirements or when there are changes to the Director or strategies of the Group that may have an effect on the NRC's roles and responsibilities.

This Terms of Reference was reviewed and approved by the Board on 18 November 2024 and is made available for reference on the Company's website at <https://matangbhd.com/corporate-governance/>.