

## **CS09 NOMINATING AND REMUNERATION COMMITTEE TERMS OF REFERENCE**

### **1. PRIMARY PURPOSES**

The purposes of the establishment of the Nominating and Remuneration Committee (“NRC”) are as follows:

- (a) to assist the Board in overseeing the composition, structure and evaluation of the Board and its committees, and identifying, nominating and orientating new directors and ensure that the Company recruits and retains best pool of Executive Directors and Non-Executive Directors;
- (b) to achieve a balance between setting the level and structure of the remuneration package of Executive Directors and Senior Management officers so as to be able to attract and retain competent Executives;
- (c) to ensure that the Executive Directors and Senior Management officers are fairly rewarded for their individual contributions to the Company’s overall performance;
- (d) responsible for ensuring that the compensation and other benefits encourage Executive Directors to act in ways that enhance the Company’s long term profitability and value; and
- (e) responsible for ensuring that the remuneration offered to the senior management commensurate with the level of executive responsibilities and is appropriate in light of the Company’s performance.

### **2. MEMBERS AND QUORUM**

The Board determines the size of the NRC. Based on the size of the Board of Directors (“Board”), the NRC should consist of no fewer than three (3) members from the Board to form the NRC. The members of the NRC shall comprise of:

- wholly Non-Executive Directors; and
- the majority of the members must be independent Directors.

The quorum necessary for the transaction of business shall be two (2) members.

### **3. CHAIRMAN**

The Chairman shall be elected by the NRC from among their members and appointed by the Board.

In the absence of the NRC Chairman, the remaining Members present shall elect one of the members present to chair the meeting. In the event of equality of vote, the Chairman shall have a casting vote.

#### **4. MEETINGS**

The NRC shall meet at least once a year or more frequently as circumstances required.

A minimum of two (2) members present shall form the quorum.

Upon the request of any member of the NRC, the Chairman of the NRC shall convene a meeting of the NRC to consider matters which should be brought to the attention of the Board or shareholders.

The NRC may invite any Board member, any member of management or any employee of the Company who the NRC thinks fit to attend its meetings to assist and provide pertinent information as necessary.

The Company Secretary shall record all proceedings and document actions discussed in the meetings and circulate them together with the Board meeting papers.

#### **5. RETIREMENT AND RESIGNATION**

In the event of any vacancy in the NRC, the Board shall fill the vacancy within two (2) months, but in any case, not later than three (3) months.

#### **6. FUNCTIONS AND DUTIES**

The functions and duties of the NRC are as follows:

- (a) recommend Board candidates to the Board and recommend candidates to fill the seat(s) on the Board Committees and the re-appointment/re-election of Directors to the Board after the following assessment:
  - skills, knowledge, expertise and experience;
  - professionalism;
  - integrity and other qualities; and
  - in the case of candidates for the position of independent Non-Executive Directors, the NRC shall also evaluate the candidates' ability to discharge such responsibilities/functions as expected from independent Non-Executive Directors. On an annual basis, the Independent Directors are required to confirm their independence by completing the independence checklist;
- (b) recruit and retain Directors in Board and Board Committees in the assurance of the composition and quality of capacity and competencies;
- (c) establish a set of quantitative and qualitative performance criteria to evaluate the performance of each member of the Board, and reviewing the performance of the members of the Board;
- (d) ensure that orientation and education programmes are provided for new members of the Board, and reviewing the Directors' continuing education programmes;

- (e) facilitate the annual board effectiveness assessment of mix of skills and experience and other qualities of Directors, Executive and Non-Executive, including core competencies. This process shall be coordinated by the NRC, supported by the Corporate Services Workgroup and Company Secretary, and thus, reporting to the Board with an assessment of the Board's performance and areas in which the Board, Board Committees or individual Director could be improved on. All assessments shall be compiled and assessed for the Board's review;
- (f) work with the Board to form a well-developed and clear succession plan for key talent, to help fast-track the successors' familiarisation with the job requirements and ensure the transfer and retention of knowledge amongst identified second liners, within the Company in the eventual retirement, resignation or prolonged absence of key employees which may involve any of the following:
- the development of a recruitment and communication strategy;
  - the identification of expected critical position vacancies;
  - the determination of critical positions, and the identification of current and future competencies;
  - the identification of gaps in current employees and candidate competency levels;
  - the development of individual employees development plans;
  - the development and implementation of coaching and mentoring programs;
  - the assistance with leadership transition and development;
  - periodically reporting to the Board on succession planning;
  - review on annual basis the term of office and performance of the audit committee and each of its members;
- (g) review from time to time the Board committees structure and recommend to the Board for its approval the directors to serve as members of each committee and to act as the Chair of each committee;
- (h) develop the remuneration framework for executive directors and senior management; and
- (i) develop and agree with the Board on the fixed sum remuneration and/or any other allowance for Board committees.

The NRC shall also have full access to the Company's management and the authority to retain and consult with independent advisors to assist in carrying out its responsibilities, as the NRC in its sole discretion may deem appropriate.

## **7. STRUCTURES AND PROCEDURES**

The NRC may regulate its own procedures, in particular:

- (a) the calling of meetings;

- (b) the notice to be given of such meetings;
- (c) the secretary of the meeting;
- (d) the keeping of minutes; and
- (e) the custody, production and inspection of such minutes.

## **8. ACCESS TO ADVICE**

The NRC is authorised by the Board to have unrestricted access to the services of the Company Secretary on all NRC matters including:

- (a) assisting the NRC Chairman in conduct of the NRC's functions and duties;
- (b) drawing up meeting agenda;
- (c) maintenance of minutes of meeting and collection and circulation of information; and
- (d) provision of any necessary support.

## **9. PERFORMANCE ASSESSMENT**

Performance assessment of the NRC shall be carried out on annual basis by the Board, benchmarking the activities it carried out against its Terms of Reference as approved by the Board while NRC carry out an annual assessment on the effectiveness of the board as a whole, the board committees and the contribution of each individual director.

This Terms of Reference is subject for annual review by the Company's Board and/or as needed to reflect the changes to the Company's circumstances and any new regulations that may impact upon NRC's responsibilities.