



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

**1. Purpose**

The establishment of the Nomination and Remuneration Committee (“NRC” or “the Committee”) is to assist the Board of Directors (“the Board”) of TDM Berhad (“TDMB” or “the Group” or “the Company”) in nominating new Directors, assessing annually the effectiveness of the Board and its Committee, as well as, recommending to the Board the remuneration of the Board of Directors and Senior Management.

**2. Scope of Authority**

- a) The NRC is a Committee of the Board of TDMB from which it derives its authority and to which it regularly reports. The Committee has delegated authority from the Board in respect of the functions and powers set out in these Terms of Reference.
- b) The Committee is authorised by the Board to obtain outside professional advice and to secure the attendance of external parties with relevant experience to render necessary advice.
- c) The Committee have explicit authority to investigate any matter within its terms of reference.
- d) The Committee is authorised to have access to the advice and services of the Company Secretary.
- e) The Committee is authorised to have full and unlimited/unrestricted access to all information and documents/resources required to perform its duties.
- f) The Committee is required to promptly report its recommendations to the Board for its consideration, decision and implementation.
- g) To promptly report to Bursa Securities, any matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Bursa Listing Requirements.
- h) To delegate any of its duties as appropriate to such person or persons as it thinks fit.
- i) To make recommendations on the nomination policy, succession planning, training programmes and/or any other related matters for Directors.

### **3. Membership**

- a) The Committee members shall be appointed by the Board from among Board member and shall comprise exclusively of Non-Executive Directors of the Company.
- b) The number of NRC members shall not be less than three (3) a majority of whom must be independent.
- c) If a member of the Committee resigns, dies or for any reason ceases to be a member resulting in non-compliance to the composition criteria as stated in paragraph (b) above, the Board shall within three (3) months of the event appoint such number of the new members as may be required to fill the vacancy.
- d) No Alternate Director shall be appointed as a member of the Committee.
- e) For the avoidance of conflict of interest, a member of the Committee shall abstain from participating in discussions and decisions on any matters involving him/her.

### **4. Chairman**

- a) The members of NRC must elect a Chairman among themselves.
- b) In the absence of the Chairman of the NRC, the other members of the Committee shall amongst themselves elect a Chairman to chair the meeting.
- c) The Committee Chair has a casting vote.

### **5. Tenure of Office**

The Committee members shall be formally appointed and/or terminated by the Board. However, members of the Committee may relinquish their membership in the Committee with prior written notice to the Board.

### **6. Objectives**

#### **6.1 Nomination Matters**

- a) Annually review the required mix of skills and experience and other qualities, including core competencies that Non-Executive and Executive Directors should have.
- b) Assess on an annual basis, the effectiveness of the Board as a whole, the Board Committees, and for assessing the contribution of each individual Director.

- c) Assess on an annual basis, the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the Directors' re-designation as a Non-Independent Director. To retain as Independent Directors, the Board must justify and seek shareholders' approval for a person who has served in that capacity for more than nine (9) years.

## **6.2 Remuneration Matters**

- a) To provide a formal and transparent procedure for developing a remuneration policy for the Directors and Senior Management and ensuring that compensation is competitive and consistent with the Company's business strategy and long-term objectives.
- b) Within the terms of such agreed policy, to determine the specific remuneration packages of all Directors and the Senior Management with a balance as to be able to attract and retain the best against its interest in paying competitive and fair remuneration.
- c) To review and recommend to the Board the compensation payable to Directors and the Senior Management in connection with their individual contributions to the Company's overall performance or any loss or termination of their office or appointment, and the compensation arrangements relating to their dismissal or removal due to misconduct.

## **7. Duties and Responsibilities**

The Committee undertakes amongst others, the following responsibilities and duties:-

### **7.1 Nomination Matters**

#### **a) Board Composition**

- 1) To ensure the appointment of each Director, Chief Executive Officer and Senior Management of the Group are based on objective criteria and with due regard for diversity in skills, character, experience, age, cultural background and gender, as well as professionalism and integrity, competence and time to effectively discharge his/her role as a Director, Chief Executive Officer(s) and Senior Management.
- 2) To ensure the selection of the Board's candidates meets the following criteria: -
  - The Board shall comprise a majority of Malaysian citizens or permanent residents of Malaysia.

- At least one-third of the Board shall comprise Independent Non-Executive Directors to reflect the interests of minority shareholders of the Company **(STEP-UP: At least half/majority of the Board shall comprise Independent Non-Executive Director).**
  - To attain an optimal mix of members of the Board with collective experience and expertise to assist and guide the Company in achieving its business objectives.
- 3) To ensure all Directors fulfil the requirements set out in the Companies Act, 2016 (“CA 2016”) and Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“MMLR”) before the appointment and to ensure they are not disqualified under Section 198 of CA 2016 and Paragraph 15.05 of the MMLR.
  - 4) To ensure there is gender diversity in the Board by appointing at least one (1) woman Director as a member of the Board.

**b) Selection process**

- 1) To identify and review all nominations received from the Board, any Director, Chief Executive Officer or Senior Management, and within the bounds of practicability, from any Director or any shareholders of the Company, for appointments to the Board, Board Committees, Chief Executive Officer and Senior Management.
- 2) To review candidates identified by independent sources when the Board utilises independent sources to identify suitably qualified candidates.
- 3) Using the criteria in paragraph 7.1(a) above, to identify candidates to fill vacancies for the Board, Board Committees, Chief Executive Officer(s) and Senior Management as and when needed as well as put in place plans for succession.
- 4) To identify prospective candidates with experience and relevant expertise and make recommendations to the Board of TDM Berhad, for Board representation in the subsidiaries and/or associate companies of TDM Berhad.
- 5) To identify, review and recommend to the board the prospective candidates for the executive appointments of the CEOs of the Group.
- 6) To ensure orientation and education programmes are provided for new and existing members of the Board (where applicable).
- 7) To recommend to the Board concerning matters relating to establishing Key Performance Indicators (“KPIs”) to drive organisational performance and setting targets for the Group CEO of TDM Berhad.

- 8) To recommend Directors, who are retiring by rotation pursuant to the Constitution of the Company, for re-election at every Annual General Meeting of the Company and ensure all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election.

**c) Evaluation and assessment process**

- 1) To review the Board's structure, size, composition and its independence at least once a year and recommend changes to the Board when necessary.
- 2) To annually review the required mix of skills, experience and other qualities of the Directors (including core competencies that Non-Executive Directors should bring to the Board) and make recommendations to the Board for consideration.
- 3) To annually assess the performance and effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director.
- 4) To annually review the terms of office and performance of the Audit Committee and each of its members to determine whether the Audit Committee and its members have carried out their duties in accordance with their terms of reference.
- 5) To annually review whether each Independent Non-Executive Director continues to be independent in character and judgement and acts in the best interests of the Company when discharging his/her duties.
- 6) In respect of the Independent Non-Executive Director who has served the Board beyond a cumulative term of nine (9) years ("Affected Director"), to annually review whether the Affected Director can act independently and recommend whether to retain and re-designate the affected Director(s) as Non-independent Director or if retain as Independent Non-Executive Director, Shareholders approval is required.
- 7) To annually assess the training needs of each Director with the aim of assisting the Director in the discharge of his/her duties.
- 8) To ensure a statement is made by the Board in the Annual Report of the Company, containing a brief description of the type of training attended by Directors during the financial year.
- 9) To recommend to the Board in engaging the services of a professional adviser or consultant as it deems necessary to facilitate objective and conduct the evaluation of the performance and effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director as well as the Chief Executive Officer (s).

- 10) To annually assess the professional development needs of the Senior Management to prepare them for advancement within the Group.
- 11) To ensure that appropriate actions are taken based on the results of the annual assessments to continuously enhance the Board's overall performance and identify opportunities for improvement.

## **7.2 Remuneration Matters**

- 1) To annually review the framework of policies and procedures regarding the remuneration of Directors.
- 2) To review the remuneration for the members of the Board, Board Committees, board representatives on the functional board of the Subsidiaries and/or Associate Companies.
- 3) To recommend fair and transparent remuneration policies and packages for the Chief Executive Officers and Senior Management of the Group for consideration as and when required.
- 4) To review policies governing the remuneration and promotion of Senior Management of the Group.
- 5) To review and recommend to the Board the staff annual salary increment pool, and performance bonus pool in respect of each financial year.
- 6) To recommend to the Board the engagement of a professional adviser or expert, if necessary, regarding remuneration practices of other companies of a similar size in a comparable industry sector for the purposes of comparison.
- 7) To review and recommend any major changes in remuneration policy and employee benefits structure throughout the Company in line with market practice.
- 8) To ensure the fees and benefits for Independent Non-Executive Directors should not conflict with their obligation to bring objectivity and independent judgement on matters discussed at Board meetings.
- 9) To ensure the levels of remuneration are sufficiently attractive and be able to retain executive Directors (if applicable) and employees needed to run the Company successfully.
- 10) To review and recommend to the Board the compensation payable to Directors, CEOs and the Senior Management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and competitive for TDM Berhad.

- 11) To ensure adequate disclosure of the remuneration of Directors for the financial year in the Company's annual report in accordance with the MMLR.
- 12) To ensure that compensation policies and packages of Directors and Senior Management are reflective of the Group's demands, complexities and performance as a whole as well as skills and experience required, and in line with the strategic objectives of the Company which rewards contribution to the long-term success of the Company.
- 13) To ensure performance targets are in line with shareholders' interests, and with an appropriate balance between long-term and short-term goals.
- 14) To ensure alignment of the compensation scale to corporate performance, and that compensation offered is in line with current market practices by comparable companies, time commitment, responsibilities and employment conditions elsewhere within the Group and in the market.

### **7.3 Directors' Fit and Proper Policy**

- 1) Establish and review the fit and proper policy for the appointment and re-election of Directors of the Company and its subsidiaries. The policy serves to guide the NRC and Board in their review and assessment of candidates that are to be appointed to the Board as well as Directors who are seeking re-election.
- 2) Any candidate to be appointed or re-elected as a Director of the TDM Group must be assessed to meet the following overarching fit and proper criteria:
  - (i) Character and integrity;
  - (ii) Experience and competence; and
  - (iii) Time and commitmentbefore a recommendation is made to the Board for approval.
- 3) Disclose the application of the Company's fit and proper policy in the nomination and election of its Directors in the Company's annual report.

### **7.4 Disclosure and Reporting**

- 1) To ensure that a statement on its activities in the discharge of its duties for the financial year is included in the Company's annual report.
- 2) To ensure detailed disclosure on named basis of the remuneration of individual Directors stating the followings: -
  - a) the remuneration received by the Directors of the Company, stating the amount they received from TDM Berhad and the Group respectively; and

- b) the amount in each component of the remuneration (e.g.: fees, salaries, bonuses, benefits-in-kind and other emoluments based on an estimated money value) for each Director.
- 3) Ensure disclosure the top five (5) Senior Management's remuneration components, which include salary, bonus, benefits-in-kind and other emoluments in bands of RM50,000.00.

## **8. Secretary**

The Company Secretary shall be the Secretary of the Committee. The Secretary shall in his/her absence, nominate a minute secretary to record the proceedings of the meeting of the Committee.

## **9. Meeting**

### **9.1 Notice of Meeting**

- a) Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Chairman of NRC.
- b) The Company Secretary with the concurrence of the Chairman, draws up and circulates the agenda and the notice of meetings together with the supporting explanatory documentation to members prior to each meeting of at least five (5) days before the meeting.

However, shorter notice may be issued due to the urgency of the matters that need deliberation by the Committee.

### **9.2 Frequency of Meetings**

The Committee shall meet not less than once a year and at such other times as the Chairman of the Committee considers necessary or appropriate.

### **9.3 Quorum**

- a) The quorum for meetings shall be at least two (2) members, of which one shall be an independent Director.
- b) In the absence of the Committee Chairman, the remaining members present shall elect one of themselves to chair the meeting.
- c) All or any of the members of the Committee may participate in a meeting either in person or by means of a teleconference, video conference or any other means of electronic communication, equipment, capable of recording and recognizing the participation of the members and allows all persons participating in the meeting to communicate with one another. A person so

participating shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.

#### **9.4 Attendance at Meeting**

- a) The Group Chief Executive Officer and the Head of Human Resources shall attend the meetings to assist in the deliberations and resolution of matters raised.
- b) Other Board members, members of the Management or any other person(s) may attend the Committee meeting on the invitation of the Committee.

#### **9.5 Minimum Attendance**

Each individual member of the Committee is required to attend at least 50% of the Committee meetings held in each financial year.

#### **9.6 Decision making**

- a) All decision shall be decided by a majority of votes of the members present, and in the case of equality of votes, the Chairman of the NRC shall have a second or casting vote.
- b) The Committee may also decide by way of the Committee's written resolutions. A resolution in writing signed or approved by the majority of members who may at the time be present in Malaysia, being not less than two (2) Members, of which one shall be an independent Director are sufficient to form a quorum shall be valid and effectual as if it has been passed at a meeting of the NRC duly called and constituted. All such resolutions shall be described as "Nomination and Remuneration Committee Written Resolution" and shall be forwarded or otherwise delivered to the Secretary without delay and shall be recorded by the Secretary in the Company's minutes book and submitted for confirmation at a meeting of the next Committee Meeting, following the receipt thereof by the Secretary.

Any such resolution may consist of several documents or counterparts in like form, each signed or approved by one (1) or more Members and may be accepted as sufficiently signed by a member if transmitted to the Company by facsimile or other forms of Electronic Communications purporting to include a signature or the written approval of the member.

- c) An NRC member is required to abstain from deliberations and voting in respect of any matter which may give rise to an actual or perceived conflict of interest situation.

### **9.7 Minutes of Meeting**

- a) The Secretary shall minute the proceedings and resolutions of all Committee meetings including the names of those present and in attendance.
- b) The minutes of each Committee meeting shall be circulated to the Committee's members for approval and adoption at the next Committee meeting and presented to the Board for its notation.
- c) The original copy of the minutes of the Committee meeting shall be kept under the custody of the Company Secretary.
- d) Any inspection of the minutes of the meeting and request for the extract minutes by the Regulator, Auditors or Employee should have prior approval from the Head of Secretarial/ Company Secretary.

### **10. Reporting**

- a) The Chairman of the Committee will report formally to the Board on the key aspects of its proceedings after each meeting. The Committee shall not be delegated with decision-making powers but shall report its recommendations to the Board for decision.
- b) The Committee shall compile a report to shareholders on its own activities to be included in the Annual Report.
- c) The Chairman of the Committee shall attend the Annual General Meeting and shall answer questions, through the Chairman of the Board, on the Committee's activities and responsibilities.

### **11. Continuing Education**

All members of the NRC should undertake continuous professional development to keep abreast of relevant developments in accounting and auditing standards, practices and rules.

### **12. Assessment**

The Committee shall conduct a regular review of its own performance and terms of reference to ensure its effectiveness and recommend any changes to the Board, as it considers necessary and in compliance with any regulations.

The Committee shall conduct an assessment to monitor their overall effectiveness in meeting their responsibilities at least annually and report the results of the self-assessment to the Board.

**13. Revision of the Terms of Reference (“TOR”)**

The TOR shall be reviewed at least once every three (3) years or as and when necessary.

Any revision or amendment to the TOR, as proposed by the NRC, shall be presented to the Board for its approval.

Upon the Board’s approval, the said revision or amendment shall form part of these Terms of Reference and these Terms of Reference shall be considered duly revised or amended.

**14. Interpretation**

CEO means Group CEO of TDM Berhad and that includes the highest-ranking Officer in charge of the Direct Subsidiary Company.

Senior Management means CEO, Chief Financial Officer, Chief Operating Officer and other C level and key Senior Management positions identified by the Company from time to time.

Approved by the Board on 30 March 2023