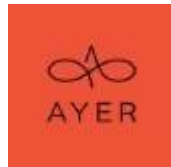


**NOMINATION  
AND  
REMUNERATION  
COMMITTEE**

**TERMS OF REFERENCE**



**AYER HOLDINGS BERHAD (37-K)**

Updated as at 29 August 2023

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## **A. OBJECTIVES**

The Nomination and Remuneration Committee (“NRC”) is established by the Board of Directors (“Board”) of AYER Holdings Berhad and its subsidiaries (“Company”) to perform the following duties:

1. Recommend to the Board new appointment of Board members and nominees for senior management positions;
2. To review the composition of members of the Board to ensure an appropriate mix of required skills, experiences and diversity (including gender diversity) are present, ensure appropriate assessment of Board members, Board Committees and senior management positions on an ongoing basis to meet the needs of the Company; and
3. To set, review and recommend policies on nomination and remuneration framework to the Board on all aspects of employment including but not limited to employment terms, benefits, remuneration, incentive plans and compensation (“Benefits”) for Non-Executive Directors (“NED”), Executive Directors (“ED”), Group Chief Executive Officer (“GCEO”), Group Chief Operating Officer (“GCOO”), Group Chief Financial Officer (“GCFO”), and CFO that are employed on fixed term contract. The appointment of the Chief Risk Officer (“CRO”) should be subject to the approval of the Board Risk Committee (“BRC”).

## **B. COMPOSITION AND APPOINTMENT**

1. The NRC members shall be appointed by the Board from amongst their number and shall consist of a minimum of three (3) members, all of whom shall be Non-Executive Directors, with a majority of whom are Independent Directors;
2. No alternate Director shall be appointed as a member of the NRC.
3. The Chairman of the NRC (“Chairman”) shall be elected from amongst the NRC members and must be an Independent Non-Executive Director approved by the Board.
4. The Chairman of the NRC is required to attend the annual general meeting.

## **C. AUTHORITY**

The NRC shall have the authority to:

1. Have full and unrestricted access to all information and resources within the Company to perform its duties.
2. Appoint external parties for the purposes of obtaining independent professional advice, expertise and services if the NRC consider it as necessary.
3. Invite any employees/ Directors of the Company or external parties to attend NRC meetings if deems necessary.
4. Provide recommendations to the Board for decision making as required.

## **D. FUNCTIONS AND DUTIES**

The main functions and duties of the NRC shall include, but are not limited to the following:

1. Nomination matters
  - a. New Appointment

- i. To evaluate, review and recommend to the Board the appointment of potential candidates to the Board and members of the Board Committees, relying on sources from existing Board members, senior management, major shareholders, independent search firms and other independent sources.
      - ii. To consider the diversity in gender, skills, experience, age, cultural and background for all new appointments to the Board for the Group C-levels and CFO positions.
    - b. To evaluate and recommend to the Board the candidates for appointment of the Group C-levels and CFO positions.
    - c. Re-election, Reappointment and Resignation/Termination
      - i. To recommend to the Board, candidates for re-election of directors by shareholders under the annual re-election provisions of retirement with due consideration to the extent to which interplay of the director's expertise, skills, independence, knowledge and experience with those of other Board members, as well as their roles as committee members. Attention should be given to independent directors who are retained beyond nine (9) years. The NRC shall conduct an assessment of the independent director and recommend to the Board whether the said independent director should remain independent or be re-designated.
      - ii. For independent directors that retain beyond nine (9) years, the Company will adopt the two-tier voting process in seeking the annual shareholder's approval.  
  
 For independent directors who serve for more than twelve (12) years and could no longer serve as independent directors pursuant to the Listing Requirements of Bursa Malaysia, the directors should retire unless the Board agrees to redesignate him/her as non-independent director.
      - iii. The re-appointment of any non-executive director at the conclusion of his term of office having given due regard to his performance and ability to continue to contribute to the Board in terms of knowledge, skills and experience requested.
      - iv. Matters relating to the continuation in office of any director at any time, including the suspension or termination of service of an executive director as an employee of the Company subject to the provisions of the law and their service contract.
2. Succession Planning
- a. To make recommendations to the Board on the succession plans for both executive and non-executive directors;
  - b. To identify and develop plans for key persons in the management team with the objective to attract, retain and motivate;
  - c. To consider the needs of the organisation and establish a clear succession plan for the following areas:
    - Critical key positions and:
    - Development of high achievers/ talents via specific development plans, coaching and mentoring programmes.
3. Annual Performance Assessment and effectiveness of the Board, Board Committees, Individual Directors, Group C-levels and CFO.
- a. To annually review the required mix of skills, experience, diversity and other

qualities including core competencies and effectiveness of the Board, as a whole, the Board Committees and the contribution of each individual director.

Performance assessments should be undertaken to assess whether the Directors are spending enough time to fulfil their duties. All evaluation carried out by the Committee in the discharge of its function should be documented.

- b. To annually review the independence of the independent director and recommend to the Board whether the independent director(s) who has (have) exceeded the cumulative term of nine (9) years should remain independent or be re-designated.
  - c. The annual assessment on the individual directors should include an evaluation of their:
    - Will and ability to critically challenge and ask the right question;
    - Character and integrity in dealing with potential conflict of interest;
    - Commitment to serve the company, due diligence and integrity and
    - Confidence to stand up for a point in view.
  - d. To annually review the performance of the Group C-levels and CFO.
4. Continuous Education/ Development
- a. To identify suitable orientation, educational and training programmes for continuous development of directors and ensure all directors receive appropriate continuous trainings programme in order to keep abreast with developments in the industry and with changes in the relevant statutory and regulatory requirements
  - b. To ensure all directors have a certificate from the Mandatory Accreditation Programme (MAP).
5. Size of Board and Independent Directors
- a. To assess the desirable balance in board membership by reviewing the size, structure and composition of the board, taking into consideration the number of directorships.
  - b. To assess the desirable number of independent directors.
  - c. To consider the representation of interest group as part of boardroom diversity and to set up a policy on board composition. Factors to consider may include gender, race, religion, nationality, professional background and culture.
6. Remuneration of Directors, Group C-levels and CFO .
- a. To set, review and recommend policies on nomination and remuneration framework to the Board on all aspects of employment.
  - b. To review and approve the remuneration and other related payments such as salary increments, bonus pay out, incentive plans of executive Directors, Group C - levels and CFO. The remuneration packages are determined on the basis of the directors', Group C - levels and CFO's merit, qualification and competence, having regard to Company's performance, individual performance and comparable market statistics.;

- c. To establish a formal and transparent procedure for developing a framework on remuneration packages of the following:
- Executive Directors, Group C-levels and CFO - the remuneration is structured and benchmarked against the corporation and individual performance .
  - Non-Executive Directors - the performance is measured against the individuals experience and contribution to the performance of the Company;
  - Senior Executives - the remuneration is benchmark to market rates and individual contribution to the performance of the Company.
- The NED and ED shall play no part in approval of their own respective remuneration.
- d. To review and assess the effectiveness and continued relevance of the Remuneration Policy periodically and made available on the company's website. Any revision to the Policy as recommended by the NRC will be submitted to the Board for consideration and approval.
- e. To obtain external advice, where necessary, on Benefits for the EDs, NEDs and Group C-levels and CFO.

#### **E. QUORUM AND CONDUCT OF MEETINGS**

1. The quorum for a NRC meeting shall be two (2) members whereby both members must be Independent Directors.
2. The NRC shall convene a meeting at least two times in the financial year.
3. The company secretary of the committee will ensure that the NRC receives information and papers timely, to enable full and proper consideration on all matters.
4. NRC meetings shall be conducted in accordance with the provisions of the company's constitution for AYER in governing the proceedings of Directors.
5. The minutes of the meeting shall be signed by the Chairman on the NRC, circulated to all members and the Board of Directors and will be deemed conclusive.
6. The Chairman of the NRC shall report formally to the Board, at each Board meeting, on the proceedings of the Committee since the previous Board meeting.
7. A meeting of the NRC shall be conducted face - to - face to enable effective discussion; however, meetings may also be conducted via telephone conferencing, video conferencing or other appropriate means as determined by the NRC. Such participation in a meeting shall constitute presence in person at such meeting.
8. The NRC may from time to time, consider and/or recommend relevant matters for approval via a circular resolution in writing, which will be deemed as valid and effectual.

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

The NRC shall recommend any changes to its terms of reference in such matters as the NRC deems appropriate to the Board for approval. The terms of reference shall be assessed, reviewed and updated where necessary if there are any compulsory changes required in accordance with any legislation, regulations, directives or order in law. It shall also be reviewed and updated when there are changes to the direction or strategies of the Group that may affect the NRC's role.

This NRC Terms of Reference was approved at the Board meeting on 29 August 2023

[END OF TERMS OF REFERENCE]