

# REPORT OF THE NOMINATION AND REMUNERATION COMMITTEE

The Board is pleased to issue the following report of the Nomination and Remuneration Committee (“Committee” or “NRC”) and its activities during the financial year ended 31 December 2015.

## COMPOSITION OF THE NOMINATION AND REMUNERATION COMMITTEE

- (i) The Committee consists of three (3) members, all of whom are Non-Executive Directors with the majority being independent directors. The quorum for the Committee shall be two (2) members, of which one should be an independent director;
- (ii) In the event of equality of votes, the Chairman of the Committee shall have a casting vote (except where two (2) directors form the quorum);
- (iii) The Chairman of the Committee shall be the Senior Independent Director. In the absence of the Chairman of the Committee, the members present shall elect one of their number to chair the meeting; and
- (iv) The appointment of a Committee member terminates when the member ceases to be a director, or as determined by the Board.

## Meetings

- (i) The Committee shall meet at least twice a year. Additional meetings shall be scheduled as considered necessary by the Committee or Chairman. The Committee may establish any procedures from time to time to govern its meetings, keeping of minutes and its administration;
- (ii) The Committee shall have access to such information and advice, both from within the Group and externally, as it deems necessary or appropriate in accordance with the procedures determined by the Board and at the cost of the Group. The Committee may request other directors, members of Management, counsels, consultants as applicable to participate in Committee meetings, as necessary, to carry out the Committee’s responsibilities. Non-Committee directors and members of Management in attendance may be required by the Chairman to leave the meetings of the Committee when the Chairman so request;
- (iii) The Secretary of the Committee shall be the Company Secretary or his/her representative. Committee meeting agendas shall be the responsibility of the Committee Chairman with input from Committee members. The Chairman may also request Management to participate in this process. The agenda for each meeting including supporting information shall be circulated, as far as practicable, at least seven days before each meeting to the Committee members and all those who are required to attend the meeting;
- (iv) The Committee shall cause minutes to be duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the Committee. Such minute shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated. The minutes of the Committee meeting shall be available to all Board Members;

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- (v) The Committee, through its Chairman, shall report to the Board at the next Board of Directors' meeting after each Committee meeting. When presenting any recommendation to the Board, the Committee will provide such background and supporting information as may be necessary for the Board to make an informed decision. The Committee shall provide such information to the Board as necessary to assist the Board in making a disclosure in the Annual Report in accordance with the Best Practices of and the Principles of the Malaysian Code on Corporate Governance and the Bursa Malaysia Listing Requirements; and
- (vi) The Chairman of the Committee shall be available to answer questions about the Committee's work at the Annual General Meeting of the Company.

The current composition of the Committee stands at three (3) members, and Dato' Haji Ghazali bin Awang is the Chairman and Senior Independent Director.

A total of three (3) meetings were held during the year. The attendance record of each member during the year is as follows:-

Members of NRC	No. of Meetings Attended
<b>Dato' Haji Ghazali bin Awang</b> Chairman, Senior Independent Non-Executive Director	3/3
<b>Tan Sri Dato' Dr. Abu Bakar bin Suleiman</b> Member, Non-Independent Non-Executive Director	3/3
<b>Tan Sri Dato' Dr. Jegathesan a/l N.M. Vasagam @ Manikavasagam</b> Member, Independent Non-Executive Director	3/3

## Terms of Reference

The terms of reference of the Committee are as follows:-

- (i) To recommend to the Board, candidates for all directorships. In making the recommendations the Committee should also consider candidates proposed by Chief Executive Officer/Managing Director/Executive Director, and within the bounds of practicability, by any other senior executive, Director, shareholder or any outsourced service provider;
- (ii) To recommend to the Board, Directors to fill the seats on Board Committees;
- (iii) To review and assess annually the required mix of skills, and experience of the Board, including the core competencies which Non-Executive Directors should bring to the Board to ensure that there is an appropriate balance of skills, knowledge, experience, expertise and diversity among the Board members;
- (iv) To assess annually the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director;

- (v) To evaluate the candidates' ability to discharge such responsibilities/functions as expected from Non-Executive Directors, in case of candidates for position of Independent Non-Executive Directors;
- (vi) To establish a remuneration framework for Directors and make recommendations to the Board of Directors on all elements of remuneration, terms of employment, reward structure and fringe benefits for Directors so that it is in line with market and industry practice and is reflective of the contribution of each individual Director;
- (vii) To recommend to the Board the remuneration package of the Executive Directors;
- (viii) To make recommendations to the Board with regards to appointment of new Directors or Directors who are retiring by rotation and should be put forward for re-election. The Nomination and Remuneration Committee had assisted the Board in carrying out an annual review on the balance and size of non-executive participation in the Board as well as establishing procedures and processes for the annual assessment of the effectiveness of the Board as a whole and the contributions of each Director and Board Committee member;
- (ix) To provide adequate training and orientation to new Directors as well as continuous training to current directors with respect to business, structure and management of the Group as well as the expectations of the Board;
- (x) To ensure an appropriate framework and plan for Board and management succession in the Company;
- (xi) To review and recommend to the Board the annual global increment and bonus package for non-unionised employees of the Company;
- (xii) To review and recommend to the Board on any new Employees' Share Options Scheme of the Company and/or amendments to the existing scheme; and
- (xiii) To consider other matters as referred to the Committee by the Board.

#### **Activities during the Year**

During the year, the Committee:

- (i) Conducted the Board's Effectiveness Assessment and recommended improvement plans for the same;
- (ii) Reviewed the Directors' remuneration for the Company and recommended the same for Board's consideration and shareholders' approval at the Annual General Meeting of the Company;
- (iii) Reviewed and recommended to the Board the annual increment and bonus package for non-unionised employees of the Company;
- (iv) Ensured that all Directors received appropriate continuous training programmes in order to keep abreast with developments in related industries and changes in the relevant statutory requirements;

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- (v) Evaluated, assessed and recommended to the Board, the appointment of Non-Executive Directors of the Company;
- (vi) Recommended the re-election/re-appointment of non-executive directors to the Board. Also, recognising the benefits of having diversity of expertise, experience and knowledge on the Board through the appointment of international directors, the Committee recommended the appointment of an international Independent Non-executive Director to the Board of the Company;
- (vii) Recommended the extension of the Chief Executive Officer's contract to the Board;
- (viii) Reviewed the succession plan for the Directors of the Company and made the necessary recommendation to the Board on the required mix and skills, knowledge, experience, expertise and diversity among the Board members;
- (ix) Reviewed and adopted a Gender Diversity Policy as recommended under the Malaysian Code on Corporate Governance 2012;
- (x) Reviewed the proposed Optional Retirement Scheme for the Blue and Red Book staff and made the necessary recommendation to the Board for implementation of the same; and
- (xi) Reviewed the proposed revision of annual leave to be in line with market practices for the Blue and Red Book staff and made the necessary recommendation to the Board for implementation of the same.