

Terms of Reference of TMK Chemical Bhd



Title : Nomination & Remuneration Committee
Policy Number : 202-01
Effective Date : 22 March 2024
Approved by : Board of Directors

NOMINATION & REMUNERATION COMMITTEE

1.1 Introduction

1.1.1 Definitions:

- (i) Reference to the “**Committee**” shall mean the Nomination & Remuneration Committee;
- (ii) Reference to the “**Board**” shall mean the Board of Directors of TMK Chemical Bhd (the “**Company**”); and
- (iii) Reference to the “**Group**” shall mean the Company and its subsidiaries.

1.1.2 In keeping with the principles of good corporate governance, the Board has established the Committee and adopted the terms of reference below for the Committee.

1.2 Purpose of the Nomination & Remuneration Committee (“NRC”)

1.2.1 The NRC shall be established by the Board of Directors with the following responsibilities:

- (i) Ensure the Board and the Board Committee have an effective and balance composition with a diverse mix of skills, experience, age, cultural background and gender to ensure sustainability of the Group. Its scope will include the succession planning and skills development for Directors and Key Senior Management (“KSM”).
- (ii) Conduct annual assessment of the performance of the Board and the Board Committees and the contribution of each individual Director.
- (iii) Review and recommend to the Board a remuneration policy and framework consistent with the Group’s business strategy and a competitive remuneration structure that link rewards to corporate and individual performance to attract and retain the right talent, caliber, skills, experience and quality needed in the Board.

1.3 Composition

1.3.1 The NRC shall be appointed by the Board amongst its Directors and shall consist of at least three (3) members. In the event of any vacancy in the NRC, the vacancy shall be fulfilled within three (3) months.



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- 1.3.2 All members of NRC must be Non-Executive Directors with a majority of them being Independent Directors.
 - 1.3.3 The Chairman of the Board shall not be appointed as a member of the NRC.
 - 1.3.4 The NRC shall elect a Chairman from amongst its members who is an Independent Non-Executive Director or a senior independent director.
 - 1.3.5 All members of the NRC, including the Chairman of the NRC will hold office only so long as they serve as Directors of the Company.

1.4 **Roles and Responsibilities**

1.4.1 The NRC should assume the following principal responsibilities:

1.4.2 **Nomination matters**

- (i) To recommend to the Board for approval, the candidates for all directorships. In making its recommendations, the NRC should consider the structure, size and composition, mix of skills and knowledge, independence, and diversity (including age and gender diversity) and experience required by the Board and the Board Committees.
 - (ii) Identify, consider and recommend to the Board suitable candidates for appointment as Directors. In doing so, the NRC does not rely solely on recommendations from existing directors, management or major shareholders, but will also utilise independent sources to identify suitably qualified candidates. In making the recommendations, the Committee shall assess the candidates':
 - (a) skills, knowledge, expertise and experience;
 - (b) qualification and professionalism;
 - (c) integrity, competence, character;
 - (d) age, gender and cultural background;
 - (e) in the case of candidates for the position of Independent Directors, the NRC should also evaluate the candidate's ability to discharge such responsibilities/functions as expected from Independent Directors;
 - (f) level of commitment, resources and time that the recommended candidate can contribute to discharge their role effectively; and
 - (g) ability to work together with other members of the Board for the best interest of the Company. If the selection of candidates for appointment of Directors are based on recommendations made by existing directors, management or major
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shareholders, the NRC has to provide explanation on why other sources were not used and instead why these source(s) suffice.

- (iii) To recommend to the Board, directors to fill the seats on the board committees;
 - (iv) To review the term of office and performance of the Audit & Risk Committee ("ARC") and each of its members annually to determine whether the ARC and its members have carried out their duties in accordance with the terms of reference of the ARC.
 - (v) To oversee the implementation of the succession planning for Executive Directors, Managing Director and Key Senior Management taking into account the challenges and opportunities faced by the Company and the skills and expertise needed for the Company to execute its strategies;
 - (vi) To assess annually the effectiveness of the Board as a whole, the Board Committees and the contribution of each existing individual Director including each Director's competence character, competence, experience and time commitment and thereafter, recommend its findings to the Board for disclosure in the Company's Corporate Governance Report;
 - (vii) To review annually the required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board and thereafter, recommend its findings to the Board;
 - (viii) To apply the process as determined by the Board, for assessing the effectiveness of the Board as a whole, the committees of the Board, and for assessing the contribution of each individual director, including Independent Directors, as well as the Managing Director where all assessments and evaluations carried out by the NRC in the discharge of all its functions should be properly documented; and
 - (ix) To review the tenure and performance of each Director, where annual re-election of a director should be contingent on satisfactory evaluation of the Director's performance and contribution to the Board.
 - (x) Ensure all appointments and re-election of Directors are evaluated through a transparent process, including meeting the criteria of the Fit and Proper Policy and recommend to the Board with reasons in support of re-election of Directors who are retired by rotation pursuant to the Company's Constitution and re-appointment of Directors who retired pursuant to the Companies Act, 2016;
 - (xi) Recommend to the Board the appointment, cessation, suspension, dismissal and/or any staff movement including re-designation, re-deployment, transfer or secondment of KSM of the Group;
 - (xii) Reviewing and overseeing the development of a diverse pipeline for Board and Management succession, including the future Chairman, Executive Directors and Managing Director;
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- (xiii) Reviewing and assessing on an annual basis, the independence of the Independent Directors;
 - (xiv) To ensure that all Directors undergo appropriate induction programs and receive continuous training to facilitate the Director in director training and development and to allow the Directors to keep abreast with developments in the industry and business, corporate governance and regulatory changes;
 - (xv) Review the participation of women in senior management to ensure there is a healthy talent pipeline and disclosing the Company's policy on gender diversity for the Board and senior management in the Annual Report;

1.4.3 Remuneration matters

- (i) To set and recommend to the Board policies and procedures on the remuneration of Directors and Key Senior Management, taking into account the demands, complexities and performance of the Group in managing material sustainability risks and opportunities as well as the following considerations:
 - (a) Skills, knowledge, expertise, experience and technical competency;
 - (b) qualification and professionalism;
 - (c) integrity;
 - (d) roles and responsibilities;
 - (e) the business and risk strategies and long-term objectives of the Group.
- (ii) To review and recommend to the Board, proposals on the Executive Directors' and the Key Senior Management's remuneration and benefits including bonus and salary increment and share option, if any and compensation payment in the event of termination of the employment/service contracts (if any) by the Group.
- (iii) To recommend to the Board, the Directors' fees and benefits (if any) payable to the Non-Executive Directors for recommendation to the shareholders of the Company for approval.
- (iv) To consider the adequate disclosure of the Board's remuneration in the Annual Report pursuant to the requirements of the LR.

1.4.4 Other matters

- (i) To recommend to the Board on the appointment of experts or consultants, where necessary to fulfil its responsibilities including the periodical evaluation of the performance of the Board;
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- (ii) To consider and examine such matters as the Board and NRC considers appropriate from time to time.

1.5 **Authority**

1.5.1 The NRC reports to the Board and shall, in accordance with the procedure determined by the Board:

- (i) To acquire the resources which are required to perform its duties.
- (ii) To obtain independent professional advice, as deemed necessary, to assist the Committee or any individual member of the Committee in the proper discharge of its roles, responsibilities and duties, at the expense of the Company.
- (iii) To have full and unrestricted access to any information and records pertaining to the Company and Group as well as personnel of the Company and the Group.
- (iv) To be able to secure the attendance of external advisers and shall have the discretion to decide who else other than its own members to attend meetings, if it thinks fit.

1.5.2 The Chairman of the NRC shall engage on a continuous basis with Key Senior Management, Chairman or Managing Director in order to be kept informed of matters affecting the Group.

1.6 **Meetings**

1.6.1 The NRC shall meet at least once in each financial year of the Company with additional meetings to be convened as and when required; or if so requested by any member of the Committee or by the Chairman of the Board.

1.6.2 The quorum of the Committee shall be at least two (2) members, both of whom shall be Independent Directors.

1.6.3 In the absence of the Chairman of the NRC, the members present shall elect a chairman for the meeting from amongst the members present, who is an Independent Director.

1.6.4 If an NRC member is unable to be physically present at a meeting, the NRC member may choose to participate at a meeting by way of video or tele-conferencing or by means of other communication equipment so that the said member shall be deemed to be present at the meeting.

1.6.5 Each member of the NRC is entitled to one (1) vote in deciding the matters deliberated in the meeting. The decision that gained the majority votes shall be the decision of the NRC. In the event of an equality of votes, the Chairman of the NRC shall be entitled to a second or casting vote. However, the Chairman of the NRC will not have a second casting vote where only 2 NRC members form the quorum or at which only 2 NRC members are competent to vote on the question at issue.



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- 1.6.6 A resolution in writing described as “Written Resolution of the NRC” signed by a majority of the NRC members shall be valid and effectual as if it had been passed at a meeting of the NRC duly called and constituted. Any such resolution may consist of several documents in the like form, each signed by one (1) or more members. The resolution in writing may be accepted as sufficiently signed by the NRC member if transmitted to the Company via facsimile or other forms of electronic communications.
 - 1.6.7 Written notice of the meeting together with the agenda shall be given to the members of the NRC. Unless the meeting is called on a short notice basis, the Company Secretary, in conjunction with the Chairman of the NRC, shall draw up an agenda, which shall be circulated together with the relevant support papers, at least five (5) working days prior to each meeting to the members of the NRC.
 - 1.6.8 An NRC member is required to abstain from discussions, deliberations and voting in respect of any matter which may give rise to an actual or perceived conflict of interest situation for the NRC member.
 - 1.6.9 The NRC Committee may, as and when deemed necessary, invite any Board members or any member of the Management or consultants, whom the Committee thinks fit, to attend its meeting to assist and provide pertinent information as necessary.
 - 1.6.10 The Chairman of the NRC should attend the Annual General Meeting to answer any shareholders’ questions on the NRC’s activities.

1.7 **Review**

- 1.7.1 The NRC shall review and assess the adequacy of this Terms of Reference on a periodic basis determined by the NRC or as and when necessary. Any revision or amendments to the Terms of Reference shall be approved by the Board.
 - 1.7.2 The provisions under this Terms of Reference have been drafted in a manner to also incorporate the provisions under the LR and other statutes, regulations and guidelines applicable to the NRC. In the event the applicable provisions of the LR and/or relevant governing statutes, regulations and guidelines relating to NRC are from time to time amended, modified or varied, such amendments, modifications and variations shall be deemed inserted herein whereupon this Terms of Reference shall be read and construed subject to and in accordance with the amended, modified or varied LR, statutes, regulations and guidelines.
 - 1.7.3 The Terms of Reference of the NRC shall be made available on the Company’s website.
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