



## **DRB-HICOM BERHAD**

Registration No. 199001011860 (203430-W)

# **TERMS OF REFERENCE OF THE BOARD NOMINATION AND REMUNERATION COMMITTEE**

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**1. COMPOSITION**

- 1.1 The Board Nomination and Remuneration Committee (“BNRC”) of DRB-HICOM Berhad (“DRB-HICOM” or “the Company”) shall comprise of not less than three (3) members, exclusively of Non-Executive Directors, a majority of whom must be Independent Directors.
- 1.2 The Chairman and members of the BNRC shall be appointed by the Board.
- 1.3 The appointment of a BNRC member terminates when the member ceases to be a director, or as determined by the Board.
- 1.4 Where the members for any reason are reduced to less than three (3), the Board shall within three (3) months of the event, appoint such member or new members as may be required to make up the minimum requirement.

**2. DUTIES AND RESPONSIBILITIES**

The duties of the BNRC are as follows:

- 2.1 To consider, evaluate and recommend to the Board any new Board appointments based on inter alia the criteria of the Fit and Proper Policy. In making a recommendation to the Board on the candidate for Directorship, the BNRC shall have regard to:
  - i. Size, composition, mix of skills, experience, competencies and other qualities of the existing Board, level of commitment, resources and time that the recommended candidate can contribute to the existing Board and Group.
  - ii. The appropriate number of Independent Directors to fairly reflect the interests of Minority Shareholders and that Independent Directors shall make up at least one-third of the membership of the Board.

- iii. In the case of persons for the position of Independent Director, to evaluate the persons' ability to spend sufficient time and have the calibre, credibility, necessary skills and experience to bring an independent judgement on issues considered by the Board.
- 2.2 To review the Fit and Proper Policy, as appropriate, periodically to ensure the effectiveness and efficacy of the Policy.
  - 2.3 To recommend members for appointments to the Board and Board Committees of DRB-HICOM and its main subsidiary companies [as set out in the Limits of Authority (LOA)] and any other subsidiary companies deemed necessary to be included by the Board.
  - 2.4 To review annually and recommend to the Board with regard to the structure, size, balance and composition of the Board and its Committees including the required mix of skills and experience and other qualities of the Board including gender diversity, ethnicity and age, where appropriate, and core competencies which Non-Executive Directors shall bring to the Board, for its effective and efficient functioning.
  - 2.5 To evaluate on an annual basis, the effectiveness of the Board as a whole, the Board Committees and the performance and contribution of each individual Directors, identify areas for improvement and develop and recommend to the Board action plans for improvement, where applicable.
  - 2.6 To recommend to the Board based on inter alia the criteria of the Fit and Proper Policy, whether Directors who are retiring by rotation shall be considered for re-election/reappointment at the annual general meetings.
  - 2.7 To ensure an appropriate succession management framework and plan for Board and Senior Management in the Group.
  - 2.8 To ensure that all Directors receive appropriate induction and continuous training programmes in order to broaden their perspectives and to keep abreast with developments in the market place and changes in new statutory requirements.

- 2.9 To recommend the appointment of the Group Managing Director and Senior Management as set out in the Limits of Authority of the Company (“LOA”).
- 2.10 To recommend to the Board the remuneration framework for the Non-Executive Directors including the Non-Executive Chairman.
- 2.11 To establish and recommend the remuneration structure and policy for Executive Directors and Senior Management (as set out in the LOA), the terms of employment or contract of employment/service and any compensation payable on the termination of the service contract by the Company and/or the Group and to review changes to the policy, as necessary.
- 2.12 To ensure that a strong link is maintained between the level of remuneration and individual performance against agreed Key Performance Indicators (“KPIs”) with the performance-related elements of remuneration forming a significant proportion of the total remuneration package of Executive Directors and Senior Management.
- 2.13 To review and recommend the entire individual remuneration packages for Group Managing Director (GMD)/Executive Directors and Senior Management personnel (as set out in the LOA) including, where appropriate, bonuses and increments.
- 2.14 To review the goals and objectives of the GMD and to assess his performance against the pre-determined criteria, as well as his contribution to the corporate strategy.
- 2.15 To advise on any major changes in employees’ benefits structure throughout the Company or Group.
- 2.16 To review and recommend to the Board any employees’ share option scheme.
- 2.17 To ensure the Company discloses in its annual report a statement on the activities of BNRC in the discharge of its duties for the financial year.

- 2.18 To consider and examine any other matters as the BNRC considers appropriate or as instructed by the Board and any other matters requiring the BNRC's approval/recommendation under the LOA of the Company.

### **3. MEETINGS**

- 3.1 The BNRC shall meet at least twice a year and subsequently, as and when required, based upon the request of the members or the urgency of the matter to be discussed. The GMD and relevant management shall be invited to attend the BNRC meetings, upon the request of its members.
- 3.2 The quorum for all meetings of the BNRC shall be two (2) members.
- 3.3 In the event of equality of votes, the Chairman shall have a casting vote.
- 3.4 In the absence of the Chairman, the members present shall elect one of their members to chair the meeting.
- 3.5 The BNRC may have access to such information and advice, both from within the Group and externally, as it deems necessary or appropriate at the cost of the Group. The BNRC may request other directors, the Management, legal counsels, consultants, to participate in BNRC meetings, when necessary, to carry out the BNRC's responsibilities.
- 3.6 The Company Secretary shall be the Secretary of the BNRC.
- 3.7 The agenda for each meeting including supporting information shall be circulated at least five (5) working days before each meeting to the BNRC members and all those who are required to attend the meeting.
- 3.8 If within half an hour from the time appointed for the meeting a quorum is not present, the meeting shall be adjourned. The meeting shall stand adjourned to the same day in the next week at the same time and place, or to such other day and at such other time and place as the members may determine. If at such adjourned meeting a quorum is not present within 15 minutes from the time appointed for holding the meeting, the meeting shall be dissolved.

- 3.9 Attendance at a meeting may be by being present in person or by participating via video-conferencing or tele-conferencing.
- 3.10 The BNRC shall cause minutes to be duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the BNRC. Such minutes 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 deemed as conclusive evidence of the proceedings. The minutes of the BNRC meeting shall be made available to all Board members upon request.
- 3.11 A written resolution in lieu of a formal meeting, shall be permitted for exceptional circumstances.
- 3.12 All recommendations of the BNRC shall be submitted to the Board for consideration and approval.
- 3.13 Upon conclusion of each BNRC meeting, the BNRC Chairman shall present a report to the Board at its Board meeting. While presenting any recommendation to the Board, the BNRC will also provide such background and supporting information, as may be necessary, for the Board to make an informed decision.
- 3.14 The Chairman shall be available to answer any questions regarding the BNRC, at the general meetings of the Company.

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