



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

Nomination Functions and Duties

- 2.1 To review and recommend to the Board on an annual basis, the structure, size, tenure, directorships, balance and composition of the Board and its Committees including the required mix of skills and experience, gender diversity, ethnicity and age, where appropriate. The Committee shall also review the core competencies of the members of the Board that would enable the Board to function effectively and efficiently.
- 2.2 To consider, evaluate and recommend to the Board the appointment of new Board member based on inter alia the criteria as stated in the Fit and Proper Policy. In making a recommendation to the Board on the candidates for Directorship, the BNRC shall consider the following aspects:

- i. Size, composition, mix of skills, experience, competencies and other qualities of the existing Board as well as board diversity in terms of age, gender and culture.
- ii. The recommended candidate shall possess the character, professionalism, integrity, credibility, skills and experience as well as commitment of time to the existing Board and Group.
- iii. 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.
- iv. In the case of potential candidates for the position of Independent Directors, the BNRC shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Directors.

Prior to the appointment, the recommended candidate shall be required to disclose any other business interest that may result in a conflict of interest.

- 2.3 To review the Fit and Proper Policy, as appropriate, periodically to ensure the effectiveness and efficacy of the Policy.
- 2.4 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.
- 2.5 To review and recommend to the Board the candidates for the re-election of retiring Directors at the Company's Annual General Meeting in accordance with the Constitution of the Company, with reference to the criteria as set out in the Fit and Proper Policy.
- 2.6 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 action plans for improvement to the Board, where applicable.

- 2.7 To ensure that all Directors receive appropriate induction and continuous training programmes i.e., Board Development Programmes, in order to broaden their perspectives and to keep abreast with developments in the marketplace and changes in new statutory requirements.
- 2.8 To oversee the succession planning for the Board Chairman, Directors, Chairmen and Members of Board Committees, as well as Group Managing Director (“GMD”) and Key Senior Management.
- 2.9 To evaluate and recommend to the Board the appointment and termination of the GMD and Key Senior Management as set out in the LOA of the Company.
- 2.10 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.
- 2.11 The GMD with the guidance of the BNRC will ensure that an appropriate succession planning framework and talent management and development programme are in place for the positions of the GMD and Key Senior Management.

Remuneration Functions and Duties

- 2.12 To review and recommend to the Board the remuneration framework for the Non-Executive Directors including the Non-Executive Chairman.
- 2.13 To establish and recommend the remuneration framework, structure and policy for the GMD, Executive Director (if any) and Key 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.
- 2.14 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 the GMD, Executive Director (if any) and Key Senior Management.

- 2.15 To review and recommend the entire individual remuneration packages for GMD, Executive Director (if any) and Key Senior Management personnel (as set out in the LOA) including, where appropriate, bonuses and increments.

General

- 2.16 To review and recommend to the Board on any major changes in employees' benefits structure including but not limited to salary and benefits structure throughout the Company or Group.
- 2.17 To review and recommend to the Board any employees' share option scheme.
- 2.18 To ensure that the Company discloses in its annual report a statement on the activities of BNRC in the discharge of its duties for the financial year.
- 2.19 To consider and examine any other matters which 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 the relevant documentation and 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 The BNRC Chairman shall present a report on the matters discussed during the last BNRC meeting to the members of Board at the Board of Directors 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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