



KUB MALAYSIA BERHAD

(Company No. 6022-D)

TERMS OF REFERENCE OF THE BOARD NOMINATION AND REMUNERATION COMMITTEE

Revised as at 30 March 2016

DEFINITIONS AND INTERPRETATION

In these Terms of Reference, where the context so admits the following expressions shall have the following meanings:-

'Act'	The Companies Act, 1965 and any other Act or Ordinance for the time being in force concerning companies and affecting the Company;
'Board'	The Board of Directors of KUB Malaysia Berhad;
'Board Committees'	Committees that have been or will be set up as authorised by the Board, with the exception of this Committee with specific Terms of Reference and delegated authority;
'Committee' or 'BNRC'	Board Nomination and Remuneration Committee;
'Company Secretary'	Company Secretary/Joint Company Secretaries of KUB Malaysia Berhad;
'KUB Malaysia Berhad' or 'Company'	KUB Malaysia Berhad (6022-D);
'KUB Group'	KUB Malaysia Berhad and its subsidiaries and associated companies;
'Independent Director'	A director as defined in Chapter 1 of Bursa Malaysia Securities Berhad ('Bursa Malaysia') Main Market Listing Requirements;
'Listing Requirements'	Bursa Malaysia Securities Berhad Main Market Listing Requirements, including any amendments made from time to time;
'Member'	A member of the Committee as appointed pursuant to this Terms of Reference;
'Bursa Malaysia'	Bursa Malaysia Securities Berhad;
'Secretary'	Secretary of the Committee;
'Senior Management'	Senior Management which includes the President/Group Managing Director, Executive Director, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and 'Officer' as defined in Chapter 1 of Bursa Malaysia Securities Berhad Main Market Listing Requirements of KUB Group;
'Terms of Reference'	The terms of reference of the Committee;

In this Terms of Reference, unless the context otherwise requires:

Words importing the masculine gender shall include the feminine, neuter gender and vice versa; and

Words importing the singular shall include the plural and vice versa.

1. OBJECTIVES OF THE COMMITTEE

- 1.1. The Committee is entrusted with identifying qualified individuals to serve as Board members and recommending such candidates for appointment to the Board and Board Committees. The Committee also conducts periodic evaluations to assess the effectiveness of the Board as a whole, Board Committees and contribution of individual Directors, including Independent Directors.
- 1.2. The Committee is to recommend the remuneration framework to attract and retain the Directors and Senior Management required to run the Company successfully for the Board's approval. The remuneration package should be aligned with the business strategy and long-term objectives of the Company.
- 1.3. The Committee shall also carry out such duties that may be delegated by the Board.

2. COMPOSITION OF THE COMMITTEE

- 2.1. The Committee shall comprise exclusively of Non-Executive Directors with a majority of them being Independent Directors.
- 2.2. The composition of the Committee must not be less than three (3) Members.

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 number of new Members as may be required to make up the minimum number of three (3) Members.

- 2.3. The Board shall elect a Chairman from amongst the Members.
- 2.4. All Members shall hold office only for so long as they serve as Directors of the Company.
- 2.5. The change of the Members of the Committee shall be decided by the Board from time to time.

3. SECRETARY OF THE MEETING

- 3.1. The Company Secretary and/or his or her representative shall be the Secretary of the Committee.

- 3.2.** The Company Secretary shall ensure all appointments of new Directors have been properly made and are in compliance with the Act and the Listing Requirements. In carrying out his/her duty, the Company Secretary shall gather all necessary and relevant information from Directors prior to their appointments.

4. PROCEEDINGS OF THE COMMITTEE

- 4.1.** The Committee shall convene meetings as and when required, provided that the Committee shall meet at least once a year.
- 4.2.** The Chairman of the Committee, or the Secretary on the requisition of the Members, shall at any time summon a meeting of the Members by giving due notice. It shall not be necessary to give notice of a Committee meeting to any Member for the time being absent from Malaysia.
- 4.3.** No business shall be transacted at any meeting of the Committee unless a quorum is present. Two (2) Members of the Committee shall constitute a quorum.

Any decision arising at the meeting shall be decided by a majority of votes, each Member having one vote and a determination by a majority of Member shall for all purposes be deemed a determination of the Members. In case of an equality of votes the Chairman of the meeting shall have a second or casting vote.

- 4.4.** At all meetings of the Committee, the Chairman of the Committee, if present, shall preside. In the absence of the Committee's Chairman, the Members present at the meeting shall elect a Chairman of the meeting.
- 4.5.** The Secretary shall draw up an agenda for each meeting, in consultation with the Chairman of the Committee. The agenda shall be sent to all Members of the Committee and any persons who may be required to attend the meeting.
- 4.6.** The Secretary shall prepare the Minutes of the meeting and distribute it to each Member. The Minutes of the Committee shall be confirmed and signed by the Chairman of the Committee or the presiding Chairman at the next succeeding meeting.
- 4.7.** The Minutes of the Committee meeting shall be maintained by the Secretary and to be made available for notation to the Board. The Minutes book shall be opened for the inspection of the Member of the Committee, Board, external auditors, internal auditors, Management and other persons deemed appropriate by the Company Secretary.
- 4.8.** Any resolution in writing, signed or assented to by the majority Members of the Committee shall be as valid and effectual as if it had been passed at a meeting of the Committee duly convened and held, and may consist of several documents in the like form, each signed by one or more Members of the Committee.
- 4.9.** All recommendations and findings of the Committee shall be submitted to the Board for approval.

5. DUTIES, RESPONSIBILITIES AND FUNCTIONS OF THE COMMITTEE (THE LIST IS NOT EXHAUSTIVE)

5.1. Nomination matters:

- 5.1.1.** To consider and recommend to the board candidates for directorship, proposed by the Director or Shareholder, taking into consideration the candidates' skills, knowledge, expertise and experience, time, commitment, character, professionalism and integrity.
- 5.1.2.** To recommend suitable candidate(s) for the role of Senior Independent Director, as applicable.
- 5.1.3.** To be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise.
- 5.1.4.** To evaluate the mix of skills, knowledge and experience on the Board and to prepare a description of the role and responsibilities required for a particular appointment of Director (if necessary).
- 5.1.5.** To review the time required from a Non-Executive Director.
- 5.1.6.** To give full consideration to succession planning in the course of its work, taking into account the challenges and opportunities facing the Company and what skills and expertise are needed on the Board in the future.
- 5.1.7.** To regularly review the structure, size and composition (including the skills, knowledge and experience) of the Board and make recommendations to the Board with regard to any changes.
- 5.1.8.** To keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace.
- 5.1.9.** To disclose in the annual report of its activities.
- 5.1.10.** To develop criteria and oversee annual assessment of Directors with the appropriate criteria.
- 5.1.11.** To develop criteria to assess independence of Directors. Such assessment will then be conducted by the Board.
- 5.1.12.** To facilitate Board induction and training for newly appointed Directors.
- 5.1.13.** To review training programmes for the Board.
- 5.1.14.** To facilitate achievement of Board gender diversity policies and targets.

5.2. Remuneration matters:

- 5.2.1.** To review and recommend to the Board the remuneration arrangements for the Non-Executive Directors including but not limited to fees, allowances and benefits-in-kind.
- 5.2.2.** To review and recommend remuneration arrangements for the Executive Directors including but not limited to contract terms, annual remuneration and participation in the Company's short and long term incentive plans.
- 5.2.3.** To recommend/approve the appointment of remuneration consultants.
- 5.2.4.** To review and recommend annual remuneration report.
- 5.2.5.** To review and recommend remuneration arrangements for Senior Management including but not limited to contract terms, annual remuneration and participation in the Company's short and long term incentive plans.
- 5.2.6.** To review major changes and developments in the Company's remuneration, recruitment, retention and termination policies and procedures for Senior Management.
- 5.2.7.** To review major changes and developments in the remuneration policies, superannuation arrangements, personnel practices and industrial relations strategies for the Group.
- 5.2.8.** To review the Senior Management performance assessment processes and results as they reflect the capability of management to realise the business strategy.
- 5.2.9.** To review and approve short term incentive strategy, performance targets and bonus payments.
- 5.2.10.** To review and recommend to the Board the remuneration report prepared for disclosure in the annual report.
- 5.2.11.** To review and facilitate shareholders and other stakeholders engagements in relation to the Company's remuneration policies and practices.

6. AUTHORITY

- 6.1.** The Committee is authorised by the Board to review, recommend and approve any matters within its Terms of Reference. The Committee shall have:
- 6.1.1.** Full and unrestricted access to any information pertaining to the Company and the Group;
 - 6.1.2.** Full access to the advice and services of the Company Secretary;
 - 6.1.3.** Full access to independent professional advice and expertise necessary for the performance of its duties;
 - 6.1.4.** Full and unrestricted access to any employee or member of the management; and
 - 6.1.5.** The resources, which are required to perform its duties.
- 6.2.** In discharging its duties, the Committee shall at all times be mindful of the provision of all applicable laws, regulations and guidelines.

7. DISCLOSURE

- 7.1.** The Committee shall assist the Board in making certain disclosures concerning the activities of the Committee such as in the Corporate Governance Statement in the Annual Report in accordance with the Listing Requirements.

8. REVISION OF THE TERMS OF REFERENCE

- 8.1.** Any revision or amendment to the Terms of Reference, as proposed by the Committee shall be first be presented to the Board for its approval.
- 8.2.** Upon the Board's approval, the said revision or amendment shall form part of this Terms of Reference and this Terms of Reference shall be considered duly revised or amended.

Revision Approved by: BODM (3/2016) dated 30 March 2016 Revision Recommended by: BNRC (1/2016) dated 24 March 2016
