

## Terms of Reference of Nominating and Remuneration Committee ('NRC')

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## Purpose

The Board Nominating and Remuneration Committee is a committee of the Board of Directors of Scicom (MSC) Berhad established pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“MMLR”) and the Malaysian Code on Corporate Governance (“MCCG”). This terms of reference governs the processes of this committee and outlines its terms of conduct with respect to the MMLR and MCCG.

## Scope

This policy applies to Scicom (MSC) Berhad (the “Company”) and its group of subsidiaries (“Group”).

## Definitions

Terms	Descriptions
Board	The Board of Directors of Scicom (MSC) Berhad
CEO	Chief Executive Officer
CFO	Chief Financial Officer
MCCG	Malaysian Code of Corporate Governance
MMLR	Main Market Listing Requirements of Bursa Malaysia Securities Berhad
NRC	Nominating and Remuneration Committee
SMT	Senior Management Team

## Policy

The Board strives to ensure that the requirements, principles, practices and guidance under the MMLR and MCCG are adhered to and adopted by the Group as to promote greater internalisation of corporate governance culture within the Group. The primary objective of the NRC is to assist the Board in discharging its fiduciary duties covering the following:-

- (a) propose new nominees for the Board of the Company, as to who shall be nominated shall be the responsibility of the full Board after considering the recommendations of the NRC.
- (b) assess the size, composition and effectiveness of the Board and Board Committees.
- (c) appraise each individual Director’s historical performance in carrying out their obligations and duties as a Board member of the Company, including the contribution to the effective decision-making process of the Board, taking into account forward-looking considerations such as if the Director possesses the competencies required to drive the Company’s future strategies.
- (d) review the performance evaluation of Senior Management Team (‘SMT’) who report directly to the CEO to ensure objectivity and adherence to service contract.
- (e) recommend to the Board, the remuneration package of Executive Directors, Non-Executive Directors and SMT. The individual Directors should play no part in decisions and/or approval of their own remuneration.

## 1. Composition

- (a) The members of the NRC shall be appointed by the Board from amongst their members.
- (b) The Chairman of the Board shall not be a member of the NRC.
- (c) The NRC shall consist of at least two (2) members and exclusively of Non-Executive Directors, the majority of whom shall be Independent Directors.
- (d) The members of the NRC shall elect a Chairman from amongst its members, who shall be an Independent Non-Executive Director.
- (e) In the event of any vacancy in the NRC resulting in the non-compliance of the above, the Company must fill the vacancy within one month of that event.

## 2. Duties and Responsibilities

The duties and responsibilities of the NRC shall include the following:-

### 2.1. Nomination and Annual Assessment

- (a) To develop, maintain and review the criteria to be used in the recruitment and re-election process, as well as annual assessment of Directors vide a formal and objective assessment. The nomination and re-election process, which includes the application of the Directors' fit and proper policy, as well as the annual assessment undertaken for all Directors, should be disclosed in the Annual Report;
- (b) With the assistance of independent sources, where necessary, identify and recommend to the Board, candidates for directorship of the Company, taking into consideration the following:-
  - candidate's skills, knowledge, expertise, experience and professionalisms;
  - candidate's commitment (including time commitment) to effectively discharge his/her role as a Director;
  - boardroom diversity including gender diversity; and
  - in the case of candidates for the position of Independent Non-Executive Directors, the NRC should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors, including acting independently of management.

If the selection of candidates was solely based on recommendations made by existing senior executive, Director or major shareholder, the NRC should explain why these source(s) suffice and other sources were not used.

- (c) To ensure the Board comprises at least 1 woman director and to review the participation of women in senior management to ensure there is healthy talent pipeline;
- (d) To recommend to the Board, Directors to fill the seats on Board Committees;  
To review annually the Board composition to ensure it is refreshed periodically, which include the required mix of skills and experiences and other qualities including core competencies which Directors should bring to the Board and recommend its findings to the Board;
- (e) To assess annually the effectiveness of the Board as a whole, the Board Committees, the contribution of each individual Director as well as the performance of the SMT, including their performance in addressing the Company's material sustainability risks and opportunities, and thereafter, recommend its findings to the Board;
- (f) To assess annually the training needs of each individual Director, review the fulfillment of such training and disclose details in the Annual Report;

- (g) Assist the Board in establishing a policy of boardroom diversity, including diversity in gender, ethnicity and age and identifying measures to implement the policy;
- (h) To recommend to the Board on the re-election of the Directors, contingent on satisfactory evaluation of the Director's tenure, performance, contribution to the Board and the current composition of the Board; and
- (i) Assess annually the independence of its Independent Directors, as well as consider and recommend the Independent Directors beyond nine (9) years for continuation in office, having due regard to their performance and ability to continue to contribute to the Board in the light of knowledge, skills and experience required. In exceptional cases, recommend to maintain that Director as Independent Director with strong justification, for shareholders' approval through a two-tier voting process.

## 2.2. Remuneration

- (a) Assist the Board in developing and administrating a fair and transparent procedure for setting policy on remuneration of Directors and SMT;
- (b) To establish remuneration policy and procedure for all Directors and SMT, taking into account of the following factors:
  - the relevant legal and regulatory requirements.
  - the remuneration for Independent Non-Executive Directors do not conflict with their obligation to bring objectivity and independent judgement on matters discussed at Board Meetings.
  - the ability to attract, retain and motivate Executive Directors and SMT of the quality required to run the Company successfully without paying more than necessary having regard to the views of shareholders and other stakeholders.
  - the risk appetite of the Company and alignment to the Company's long- term strategic goals.
  - a significant proportion of remuneration for Executive Directors and SMT shall be structured so as to link rewards to corporate and individual performance and designed to promote the long-term success of the Company.
- (c) To review and recommend to the Board, the remuneration for Non-Executive Directors, taking into consideration of the Company's performance in managing material sustainability risks and opportunities;
- (d) To review and recommend to the Board, the remuneration, including any increment, bonuses or terms of appointment, where applicable, of Executive Directors and SMT, taking into consideration of their performance in managing material sustainability risks and opportunities, and drawing from outside advice as necessary; and
- (e) To oversee any major changes in the remuneration and benefit structures of employees throughout the Company and the Group.

## 2.3. Others

- (a) To review and make recommendation to the Board on Succession Planning Policy for the Board and SMT;
- (b) To carry out any other function that may be mutually agreed upon by the NRC and the Board which would be beneficial to the Company and ensure the effective discharge of the NRC's duties and responsibilities; and
- (c) To assess annually the term of office and performance of the Audit and Risk Management Committee and each of its members to determine whether such committee and members have carried out their duties in accordance with their Terms of Reference.

### 3. Rights and Authority

- (a) The Committee has the authority to recommend to the Board for approval to engage independent consultants and other advisors as the Committee deems necessary to perform its duties.
- (b) The Committee is authorised to make recommendations to the Board on appropriate actions to be taken resulting from such an assessment.
- (c) The Committee will have access to all data, records, facilities and personnel of the Group necessary for the Committee to discharge its duties and responsibilities.

### 4. Frequency of Meetings and Quorum

#### 4.1. Frequency of Meeting

The NRC shall meet at least once a year and as many times as the NRC deems necessary with due notice of issues to be discussed.

#### 4.2. Proceedings of Meeting

- (a) The quorum for NRC meeting shall be two (2) members, both of whom must be Independent Non-Executive Directors.
- (b) If at any meeting, the Chairman of the NRC is not present within fifteen (15) minutes of the time appointed for holding the same, the members of the NRC present shall choose one of their number to be Chairman of such meeting.
- (c) The NRC members may participate in a meeting by means of conference telephone, conference videophone or any similar or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting.
- (d) Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes, the Chairman of the NRC shall have a second or casting vote except where two (2) members form a quorum, the Chairman of a meeting at which only such a quorum is present, or at which only two (2) members are competent to vote on the question at issue shall not have a casting vote.
- (e) A resolution in writing, signed by all the members of the NRC, shall be as effectual as if it has been passed at a meeting of the NRC duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more NRC members.

#### 4.3. Attendance at Meeting

- (a) Other members of the Board and officers of the Company and its group may attend the meeting (specific to the relevant meeting) upon the invitation of the NRC.
- (b) External consultants engaged by the NRC, if deemed expedient, to aid the NRC in the discharge of its duties, may be invited to attend relevant meeting.

### 5. Reporting

The Chairman of the Committee shall report the proceedings of each Committee meeting to the Board and update the Board on significant issues and concerns discussed and make necessary recommendations to the Board.

## **6. Secretary**

- (a) The Secretary to the Committee shall be the Company Secretary.
- (b) The Secretary of the Committee shall be responsible, with the concurrence of the Chairman, for drafting the agenda and circulating the notice of meetings to the members prior to each meeting.
- (c) The Secretary of the Committee shall be entrusted to record all proceedings and minutes of all meetings of the Committee.

## **7. Retirement and resignation of member of the NRC**

A member of the NRC who wishes to retire or resign should provide sufficient written notice to the Company so that a replacement may be appointed before he leaves. However, the appointment of a member of Board to the NRC shall terminate immediately upon the member ceasing to be a Director of the Company.

## **8. Minutes of meetings and Resolutions in Writing**

- (a) Minutes of the NRC meetings shall be signed by the Chairman of the NRC meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.
- (b) All minutes of meetings of the NRC shall be kept at the registered office of the Company or a place to be determined by the Board and copies thereof shall be circulated to all members of the Board.
- (c) A resolution in writing signed or approved by electronic mail or any form of electronic approval or electronic signature via software, electronic devices or other means of communication apparatus or devices by the majority of the members who are sufficient to form a quorum, shall be valid and effectual as if it had been passed at a meeting. All such resolutions shall be forwarded or otherwise delivered to the Company Secretary and shall be recorded by the Company Secretary in the minutes book. Any such resolution may consist of several documents in like form, each signed by one (1) or more members.
- (d) Any request by Management/ other persons to inspect the minutes or resolutions shall be subject to the approval of the NRC.

## **9. Review**

This terms of reference shall be subject to annual review to ensure that it remains relevant and updated in line with the MMLR and best practices. Any amendments herein must be approved by the Board.