



MMS VENTURES BERHAD
(Registration No. 200401008621 (647125-P))
(Incorporated in Malaysia)

NOMINATION & REMUNERATION COMMITTEE

TERMS OF REFERENCE

INTRODUCTION

The Nomination Committee and Remuneration Committee were merged by the Board of Directors of MMS Ventures Berhad (“Board”) into a single committee known as Nomination and Remuneration Committee effective 5 June 2020. The rationale for the merger of the two Board Committees is to streamline the operations and enhance the efficiency and effectiveness of the Board Committee in discharging its duties and responsibilities.

OBJECTIVE

- 1.0** To assist the Board in their responsibilities for proposing new nominees to the Board and to assess existing Directors on an on-going basis.
- 2.0** To assist the Board to establish formal and transparent remuneration policies and procedures for Executive Directors and to determine, review and recommend the remuneration packages of its Executive Directors, Non-Executive Directors and Senior Management or Principal Officers and to ensure that the compensation is aligned with the business strategy and long-term objectives of the Company

TERMS OF REFERENCE

1.0 Composition

- (a) The Committee, comprising exclusively of non-executive directors, a majority of whom must be independent non-executive directors, shall be appointed by the Board from among themselves and shall comprise of not less than three (3) members.
- (b) The appointment of a member of the Committee shall automatically be terminated, if the member ceases for any cause to be a director, or as determined by the Board.
- (c) The members of the Committee shall elect a Committee Chairman from among themselves, who shall be an independent non-executive director. In the absence of the Committee Chairman, the remaining members present shall elect one of themselves to chair the meeting.

2.0 Meetings

(a) Frequency

The Committee shall meet at least once a year and at such other times as it deems necessary to fulfil its responsibilities.

(b) Quorum

A quorum necessary for the transaction of business shall be two (2) members, of which one (1) member must be an independent non-executive director. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

(c) **Secretary**

The Company Secretary shall be the Secretary of the Committee or in his/her absence, another person authorized by the Chairman of the Committee.

(d) **Attendance**

Only the Chairman and members of the Committee shall be entitled to participate at Committee meetings. Other individuals, including the chief executive officer, any executive director or non-executive director, the Head of Human Resources and/or Finance & Accounting and any other relevant advisers may be invited to attend for all or part of any committee meeting as and when appropriate.

(e) **Meeting Procedure**

i. **Notice of Meetings**

- Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Chairman or any member of the Committee.
- Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend, no later than five (5) days before the date of the meeting.
- Meetings of the Committee may be conducted when the members of the Committee are physically present together or in the form of a video or audio conference. A member dialing in to a physical Committee meeting via a video or audio conference will be deemed to be in attendance.

ii. **Voting**

- All resolutions of the Committee shall be passed by a simple majority vote, each member having one vote. In case of an equality of votes, the Chairman of the Committee shall have a second or casting vote.
- A member of the Committee is required to abstain from deliberations and voting in respect of any resolution or any matter which may give rise to an actual or perceived conflict of interest situation.

iii. **Minutes of Meetings**

- The Secretary of the Committee shall record all proceedings and resolutions and document all actions of all Committee meetings.
- The minutes of Committee meetings shall be circulated to all members of the Committee and shall be available to all other members of the Board unless in the opinion of the Committee Chairman, it would be inappropriate to do so.
- The minutes of Committee meetings shall be maintained by the Secretary and kept at the Registered Office of the Company and shall be available for inspection by any member of the Committee, the Board, and other persons deemed appropriate by the Secretary with the approval of the Chairman of the Committee.

iv. **Circular Resolutions**

- The Committee may pass circular resolutions in writing, signed by all the members of the Committee, which shall be valid and effectual as if it was passed at a meeting of the Committee duly convened and held. All such resolutions shall be maintained by the Secretary and kept at the Registered Office of the Company. Such resolutions may consist of several documents in like form each signed by one or more members.

3.0 Reporting Procedure

- (a) The actual decision as to who shall be appointed to the Board shall be the responsibility of the Board of Directors after considering the recommendation of the Committee;
- (b) The remuneration of Directors shall be the ultimate responsibility of the full Board after considering the recommendations of the Committee;
- (c) An Executive Director shall abstain from participating in the discussion and voting in respect of his own remunerations. The remuneration and entitlements of the Non-Executive Directors shall be decided by the Board as a whole with the Director concerned abstaining from deliberations and voting on decisions in respect of his remuneration;
- (d) The Committee, through its Chairman, shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and shall make such recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

4.0 Authority

The Committee is authorized by the Board to discharge its duties within these terms of reference. The Committee, in performing its duties shall:-

- (a) be provided with sufficient resources to undertake its duties;
- (b) have full and unrestricted access to any information pertaining to the Company & Group including the authority to seek any information it requires from any senior management, employees, company officers and external parties;
- (c) with the approval of the Board, be authorized to obtain such independent professional advice including legal advice on matters within its terms of reference and to secure the attendance of outsiders with relevant expertise or experience as it considers necessary.

5.0 Duties and Responsibilities

5.1 Nomination Matters:

- (a) Establish a policy formalising the Group's approach to Boardroom diversity (including diversity in gender, nationality, age, culture, socio-economic background, skills, experience and independence);
- (b) Assess annually the Board structure, size, balance and composition including the required mix of skills, experience, diversity and other qualities, the core competencies and effectiveness of the Board, as a whole, the board committees and the contribution of each individual director (including the assessment of independence of its Independent Directors) and make recommendations to the Board with regard to any changes deemed necessary;
- (c) Consider and recommend to the Board, suitable persons for appointment as Directors of MMSV, and members of the Board Committees, relying on sources from existing Board members, Management, major shareholders, outsourced service providers, independent search firms and other independent sources, taking into consideration the following attributes of the candidates:-
 - skills, knowledge, expertise and experience
 - time commitment
 - character, professionalism and integrity
 - diversity in age, gender and experience/background
 - in the case of candidates for the position of independent non-executive directors, the Committee shall also evaluate the candidates' ability to discharge such responsibilities/functions as expected from independent non-executive directors

- (d) Recommend to the Board, whether Directors who are retiring by rotation at the Annual General Meeting of the Company should be put forward for re-election or reappointment and whether any of the Independent Non-Executive Director who has served for a cumulative period of more than nine (9) years should continue to be retained as an Independent Non-Executive Director or otherwise. If the Board intends to retain an Independent Director beyond nine (9) years, it should justify and seek annual shareholders' approval. If the Board continues to retain the Independent Director after the twelfth (12) year, the Board should seek annual shareholders' approval through a two-tier voting process. Under the two-tier voting process, shareholders' votes will be cast in the following manner at the same shareholders' meeting:
 - Tier 1: Only the Large Shareholder(s) of the Company votes
 - Tier 2: Shareholders other than Large Shareholder(s) votes
- (e) Give consideration to succession planning for directors and other senior management, taking into account the challenges and opportunities facing the Company and the skills, expertise and diversity needed on the Board in the future;
- (f) To ensure that orientation and education programs are provided for new members of the Board and that existing members of the Board continue to attend training programmes that aids them in the discharge of their duties;
- (g) To annually review the term of office and performance of the Audit Committee and each of its members, to determine whether the Audit Committee and its members have carried out their duties in accordance with their terms of reference.

5.2 **Remuneration Matters:**

- (a) To determine and agree with the Board on the remuneration framework or policy for Executive Directors and Senior Management, ensuring that remuneration is set at a competitive level to attract and retain high caliber individuals, to provide adequate motivational incentive for them to pursue long term growth and success with the Company as well as structured to support the overall business strategies and long-term objectives of the Company;
- (b) Within the terms of the agreed policy and in consultation with the Chairman and/or Chief Executive Officer, as appropriate, to review and recommend to the Board:-
 - the annual total remuneration packages of the Executive Directors and Senior Management which includes guaranteed pay, short and long term incentives, benefits in kind and share options or other share awards
 - the annual performance bonus for Executive Directors and Senior Management, having regard to their achievements against the performance criteria and the quantum and basis of bonus payments to the Management and staff of the Company
- (c) To review and recommend to the Board the remuneration of Non-Executive Directors, ensuring that the fees and allowances payable reflect their experience and level of responsibilities undertaken individually, time commitment required and their contribution to the effective functioning of the Board;
- (e) To review the Group's compensation policy, to ensure alignment of compensation to corporate performance, and that compensation offered are in line with market practice;
- (f) To review and endorse for Board's approval, terms of employment or service agreements for Executive Directors, Non-Executive Directors (if any) and Senior Management.

5.3 To carry out other responsibilities, functions or assignments as may be defined by the Board from time to time.

6.0 **Review**

The Committee shall arrange for periodic reviews of its own performances and review its terms of reference to ensure it is operating effectively and if relevant, to recommend any changes necessary to the Board.