



Nomination & Remuneration Committee

Terms of Reference

Revised on 16 August 2022

TERMS OF REFERENCE OF THE NOMINATION & REMUNERATION COMMITTEE

The Nomination & Remuneration Committee (“NRC”) is established by the Board of Directors (“Board”) of Malaysia Marine and Heavy Engineering Holdings Berhad (“MHB or Company”) pursuant to Article 124 of the Company’s Constitution. The composition, procedures, duties and responsibilities of the NRC shall be as set out below:

1.0 COMPOSITION

- 1.1 The members of the NRC shall be appointed by the Board from amongst its members and shall consist of not less than three (3) members. The Chairman of the Board shall not be a member of the NRC.
- 1.2 A majority of the members of the NRC shall be Independent Directors and shall all be composed of Non-Executive Directors (“NED”).
- 1.3 No alternate Director of the Board is to be appointed as a member of the NRC.
- 1.4 The Board shall appoint a Chairman of the NRC from among the NRC members who shall be an Independent Non-Executive Director (“INED”). Should the Chairman be absent from any meeting, one of the members who shall be an INED shall be elected as Chairman by the NRC members present at the meeting.
- 1.5 If a member is unable to act due to absence, illness or any other cause, the Chairman of the NRC may appoint another Director of the Company to serve as an alternate member having due regard to maintaining the required balance of executive and independent non-executive members.

2.0 MEETINGS

- 2.1 The NRC shall meet not less than twice in a year and at such other times as the Chairman of the NRC shall require.
- 2.2 The NRC may also decide by way of the NRC's Circular Resolutions. A resolution in writing signed or approved by letter or other electronic means telegram by all the members who may at the time be present in Malaysia, being not less than the number sufficient to form a quorum shall be as valid and effectual as if it had been passed at a meeting of the NRC duly called and constituted, provided that where a member is not so present but has an alternate who is so present, then such resolution must also be signed by such alternate and all decisions made in such a manner signed by the members shall be treated as valid and effectual as if it has been passed at a meeting of the NRC duly convened and held. All such resolution shall be described as "Nomination & Remuneration Committee Circular Resolutions" and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by him in the Company's minutes book and submitted for confirmation at a meeting of the Board next following the receipt thereof by him.
- 2.3 The presence of two (2) Directors which includes one (1) INED shall form a quorum for the NRC Meetings.
- 2.4 Attendance of other Directors and employees at any particular NRC meeting shall only be at the NRC's invitation, specific to the relevant meeting.
- 2.5 The Secretary to the NRC shall be the Company Secretary or any other person appointed by the NRC.

2.6 The notice and agenda of each meeting shall be sent to all members of the NRC and any other persons that may be required to attend. Minutes of each meeting shall be kept and distributed to each member of the NRC and be tabled to the Board for information. The NRC shall report and may make such recommendations to the Board on matters within the powers vested in it by the Board, as it may think fit.

3.0 DUTIES AND RESPONSIBILITIES

3.1 Nomination Matters

3.1.1 The NRC's primary responsibility is to propose, consider and recommend to the Board, suitable candidates for appointment as Directors and/or Senior Management in the Company by considering the following factors:

- skills, knowledge, expertise and experience;
- professionalism;
- integrity; and
- in the case of candidates for the position of Senior INED and/or INED, the NRC should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from them.

The NRC shall also take into account diversity in addressing the Board and Senior Management's composition.

3.1.2 In making its recommendations, the NRC should also consider candidates for directorships proposed by the Chairman and/or the Managing Director & Chief Executive Officer ("MD & CEO") of the Company and, within the bounds of practicability, by any other senior executive or any Director or shareholder.

- 3.1.3 The NRC should review the disclosures required to be made in the Company's annual report in relation to the matters required by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR"), Malaysian Code on Corporate Governance ("MCCG") or any other prevailing regulatory corporate governance practices and laws.
- 3.1.4 The NRC should recommend to the Board, Directors to fill the seats on Board Committees.
- 3.1.5 The NRC is responsible to establish and annually review the performance criteria or Key Performance Indicators ("KPI") of the Board and the MD & CEO, and the evaluation thereof against the KPIs.
- 3.1.6 The NRC shall review the term of office and performance of the Board Audit Committee ("BAC") and each of its members annually to determine whether the BAC and each of its members have carried out their duties in accordance with its Terms of Reference ("TOR").
- 3.1.7 The NRC is responsible to review and implement sound Succession Planning of the Board, and of the MD & CEO, and the Senior Management, including any development plans of the MD & CEO and Senior Management.
- 3.1.8 The NRC's other duties and responsibilities are as follows:
- a) To make appropriate recommendations to the Board on matters of renewal or extension of Directors' appointment and reappointment of retiring Directors in line with the requirements as prescribed in the MMLR, MCCG or any other regulatory requirements.

- b) To make appropriate recommendations to the Board for the appointment or renewal of contracts of employment of the MD & CEO and/or Senior Management of the Company.
- c) To annually review, the Board's required mix of skills and experience and other qualities, including core competencies which NEDs should bring to the Board.
- d) To implement a process for assessing the effectiveness of the Board as a whole, the Board Committees and also the contribution of each individual Director to the effective decision making of the Board, through an evaluation process. All assessments and evaluations carried out by the NRC in the discharge of all its functions should be properly documented.
- e) To review the training needs and recommend suitable development programmes for the Directors.

3.2 Remuneration Matters

3.2.1 The NRC's primary responsibility is to consider and recommend to the Board and to support the Board's responsibility in respect of remuneration policy and framework for Directors and Senior Management of the Company as follows:

- a) To review and recommend to the Board the policies and packages of the Non-Executive Directors that reflect the demands, complexities, performances, skills and experiences required, as well as the performance of the Company.

The NRC to ensure the detailed remuneration received by each Directors from MHB and MHB Group, be disclosed in the Company's annual report on a named basis.

- b) To review and recommend to the Board the terms and conditions of service, remuneration, compensation and benefits package (including bonus and salary increment) of the Executive Directors and MD & CEO of the Company.
- c) To review and recommend to the Board the terms and conditions of service, remuneration, compensation and benefits package (including bonus and salary increment) of the Senior Management of the Company.
- d) To recommend to the Board the annual bonus and salary increment framework/quantum for the Group of Companies.

4.0 AUTHORITY

- 4.1 The NRC is empowered to seek any information it requires from any employee of the Company in order to perform its duties.
- 4.2 The NRC is authorised to obtain, at the Company's expense, outside legal or other professional advice on any matters within its TOR.
- 4.3 The NRC is authorised to recommend to the Board for approval on any changes to its TOR that shall be amended, revised and updated where necessary in line with the changes to the MMLR, MCCG or any other regulatory requirements.