

**cuscapl**

**CUSC API BERHAD**

[Registration No. 197801006160 (43190-H)]

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**TERMS OF REFERENCE FOR  
NOMINATION & REMUNERATION COMMITTEE**

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## 1. OBJECTIVE

The primary objectives of the Nomination & Remuneration Committee ("NRC") are:-

- (a) to establish a documented, formal, and transparent procedure to support and advise the Board of Directors ("Board") in fulfilling their responsibilities to shareholders in ensuring the Board are comprised of individuals with an optimal mix of qualifications, skills, and experience; and
- (b) to establish a documented, formal, and transparent procedure for assessing and reviewing the remuneration package of Executive Directors, Non-Executive Directors, and Senior Executives (senior management) that link rewards to corporate and individual performance.

## 2. COMPOSITION

The members of the NRC shall be appointed by the Board from amongst the Directors of the Company and shall comprise of at least two (2) members, all of whom must be Non-Executive Directors, with a majority of them being independent.

The NRC shall elect a Chairman from among its members and the elected Chairman shall be an Independent Non-Executive Director.

No alternate director shall be appointed as a member of the NRC. The term of office and performance of the NRC and each of its members shall be reviewed by the Board annually to determine whether the members have carried out their duties in accordance with their terms of reference.

If a member of the NRC resigns or for any other reason ceases to be a member with the result that the number of members is reduced to below two (2), the Board shall, within three (3) months from the date of that event, appoint such number of new members as may be required to make up the minimum number of two (2) members.

## 3. AUTHORITY

- (a) to seek any information it requires from the Management in order to perform its duties.
- (b) to call for any appropriate person or person to be in attendance to make presentations or furnish or provide independent advice on any matters within the scope of its responsibilities.
- (c) to obtain, at the Company's expense, external legal or other professional advice on any matters within its terms of reference.

## 4. DUTIES AND RESPONSIBILITIES

In fulfilling its primary objectives, the NRC shall undertake, amongst others, the following duties and responsibilities:

- (a) Undertake an annual review of the Board's succession plans, taking into consideration, the present size, structure and composition of the Board and Board Committees, as well as the required mix of skills, experience and competency required, and to make recommendations to the Board with regard to any adjustments that are deemed necessary;

- (b) Evaluate the effectiveness of the Board as a whole, the various Board Committees, and each individual Director's contribution to the effectiveness on the decision making process of the Board;
  - (c) Give full consideration to succession planning for Directors and Senior Executives in the course of its work, taking into account the challenges and opportunities facing the company, and the skills and expertise needed in the future;
  - (d) Identify and recommend to the Board any new candidates for election or appointment to the Board, or to fill Board vacancies, as and when they arise;
  - (e) Ensure that an induction or orientation programme is provided for new members of the Board;
  - (f) Recommend to the Board the re-election or re-appointment of any Director to the Board pursuant to the provisions in the Company's Constitution;
  - (g) To approve the engagement and terms of service of Senior Executives, re-employment of Senior Executives;
  - (h) To formulate overall personnel and remuneration or compensation\* policies;
  - (i) Ensure that an appropriate review is undertaken to ensure the requirement and qualification of the candidate are based on a prescribed set of criteria comprising, but not limited to, the following:
    - i. Skills, knowledge, expertise, and experience;
    - ii. Professionalism;
    - iii. Integrity;
    - iv. Number of directorships held;
    - v. Not an undischarged bankrupt, or involved in any court proceedings in connection with the promotion, formation or management of a corporation or involving fraud or dishonesty punishable on conviction with imprisonment, or subject to any investigation by any regulatory authorities; and
    - vi. For an independent director, the candidate should be able to bring independent and objective judgement to the Board, and to discharge such responsibilities and functions expected of an independent director, as may be prescribed in the Listing Requirements of Bursa Malaysia Securities Berhad.
- Where required, the NRC may meet up with any potential candidate to conduct an assessment of the suitability. There will be no discrimination in any form, whether based on age, gender, ethnicity, or religion in the Company, which applies to the engagement of Directors and Senior Executives.
- (j) Undertake an annual review of the training programmes attended by the Directors for each financial year, as well as the training programmes required to aid the Directors in the discharge of their duties as Directors, and to keep abreast with industry developments and trends;

- (k) Review the remuneration or compensation policy\* and ensure alignment of compensation to corporate performance, and compensation offered are in line with market practice;
  - (l) Review and determine the annual salary increment, performance bonus, and incentives (including share grant and bonus) for Executive Directors and Senior Executives depending on various performance measurements of the Group;
  - (m) Review and determine the other benefits-in-kind for Executive Directors and Senior Executives; and
  - (n) Recommend the engagement of external professional advisors to assist and/or advise the NRC and the Board, on remuneration matters, where necessary;
- \* Subject to shareholders' approval in the general meeting, the Board as a whole determines the level of remuneration of the Non-Executive Director of the Company. The review of the remuneration of the Non-Executive Director should take into consideration the fee levels and trends for similar positions in the market, time commitment required from the director, and any additional responsibilities undertaken; such as a Director acting as Chairman of a Board Committee, or as the Senior Independent Non-Executive Director. The individuals concerned shall abstain from discussion of their own remuneration.

## **5. MEETING OF THE NRC**

The NRC shall meet at least once a year, and as frequently as may be required.

In the event the elected Chairman is not able to attend a meeting, a member of the NRC shall be nominated as Chairman for the meeting. The nominated Chairman shall be an Independent Non-Executive Director.

Subject to the notice and quorum requirements as provided in the Terms of Reference, meeting of the NRC may be held and conducted through the telephone or any communication equipment or device which allows all persons participating in the meeting to hear each other. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote and be counted in a quorum accordingly.

## **6. QUORUM**

The quorum for a meeting of the NRC shall consist of not less than two (2) members, the majority of members present must be Independent Non-Executive Directors.

## **7. NOTICE OF MEETINGS**

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 NRC, any other person required to attend, no later than five (5) days before the date of the meeting. Supporting papers shall be sent to the NRC members and to other attendees, as appropriate, at the same time.

## **8. SECRETARY AND MINUTES**

The Company Secretary or his nominee or such other persons authorised by the NRC shall act as the Secretary of the NRC. The Company Secretary shall record, prepare and circulate the minutes of the meetings of the NRC, and ensure that the minutes are properly kept and produced for inspection, if required.

**9. CIRCULAR RESOLUTION**

A resolution in writing, signed by all the NRC members, shall be as valid and effectual as if it had 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 of the members of the NRC.

**10. REVISION AND UPDATES**

This Terms of Reference will be reviewed and updated at least once a year to ensure it remains consistent with the NRC's objectives and responsibilities.