

CONFIDENTIAL



MINETECH RESOURCES BERHAD

**TERMS OF REFERENCE OF
NOMINATION AND REMUNERATION COMMITTEE (“NRC”)**

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1. CONSTITUTION

NRC shall be formed by the Board of Directors ("**Board**") and the Committee members shall be appointed by the Board from amongst the Board members.

The functions and authority of NRC extends to Minetech Resources Berhad ("**Minetech**" or "**the Company**") and all its subsidiaries.

2. OBJECTIVES

The objectives for the formation of NRC are as follows:

- a. To review the Board composition and recommend to the Board appointment of new Directors of the Company and Board Committees.
- b. To evaluate the effectiveness of the Board, Board Committees and contributions of each individual Director.
- c. To review the Executive Directors ("**ED**") and Chief Level Officers' objectives and goals and the assessment of performance of these persons against those benchmarks.
- d. To review the performance evaluation of ED and Chief Level Officers.
- e. To determine the level and composition of remuneration for the ED so as to ensure that the Company attracts and retains the ED and Chief Level Officers of the appropriate calibre, experience and quality needed to run the Company successful. The level and composition of the remuneration should be structured so as to link rewards with corporate and individual performance.
- f. To develop policies, practices and recommend proposals appropriate to facilitate the recruitment and retention of the ED, and Chief Level Officers.

In carrying out the duties, members of the NRC shall review the quantum of staff bonus for the Company and shall be brought to the Board for its approval. The Committee shall review the subsidiaries' staff bonus, which shall be approved by the Board of the respective subsidiaries.

3. AUTHORITY

NRC has the authority to carry out the functions as stated in its Terms of Reference ("**TOR**") and report to the Board with recommendations.

NRC wherever necessary and reasonable for the performance of its duties, shall in accordance with the same procedures adopted by the Board and at the cost of the Company:

- a. Have the resources which are required to perform its duties;
- b. Have full and unrestricted access to any employee and information pertaining to the Company; and
- c. Be able to engage independent professional advisers or other advisers and to secure attendance of outsiders with relevant experience and expertise if it considers this necessary.

4. MEMBERSHIP

The members of NRC shall be appointed by the Board and shall consist of not less than three (3) Non-Executive Directors, a majority of whom are independent. If the membership for any reason falls below three (3) members, the Board shall, within three (3) months of that event, appoint such number of new members as may be required to fulfil the minimum requirement.

The Chairman of the Board shall not be a member of the NRC.

The appointment of NRC member terminates when the members cease to be a Director, or as determined by the Board.

In the event of equality of votes, the Chairman shall have a casting vote.

5. FUNCTIONS & DUTIES

5.1 For **Nominations**, NRC shall:

- a. Consider and recommend to the Board suitable candidates for appointment as Directors and Chief Level Officers (if any) in the Company and consider the following aspects when considering new appointments on the Board:
 - (i) The candidates' skills, knowledge, expertise, experience, professionalism and integrity;
 - (ii) In the case of candidates for the position of Independent Non-Executive Directors, the ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors;
 - (iii) Diversity Policy and Fit and Proper Policy for Directors;

The NRC may also seek professional advice from independent search firms as and when it considers necessary to identify a short-list of suitable candidates and a list of nominations for candidates proposed by the Directors, Senior Management or shareholders for consideration.

The Company should disclose in its annual report how candidate was sourced including whether such candidate was recommended by the existing board members, management or major shareholders.

(If the selection of candidates was solely based on recommendations made by the existing board members, management or major shareholders, the NRC should explain why other sources were not used.)

- b. Propose to the Board the membership and Chairmanship of Board Committees.
- c. Review annually the Board structure, size, balance and composition to ensure that the Board comprises a majority of Independent Non-Executive Directors and is in compliance with the Main Market Listing Requirements ("**Listing Requirements**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**").
- d. Review on an annual basis, the independence of Independent Directors with reference to the definition of "Independent Director" as stipulated by Paragraph 1.01

of the Bursa Securities' Listing Requirements and the Policy on Independence and Conflict of Interest and recommend to the Board. The tenure of an Independent Director should not exceed a cumulative term of nine (9) years. If upon completion of nine (9) years, the Independent Director continues to serve on the Board, he or she may do so subject to the re-designation as a Non-Independent Director. If the board intends to retain an Independent Director beyond nine (9) years, it should be subjected to the following:

- (i) annual assessment by the NRC, regarding the independence and contributions;
 - (ii) annual shareholders' approval in general meeting, where the Board provides strong justification on the recommendation in the explanatory notes to the resolution in the notice of a general meeting.
- e. Consider and recommend the Directors for re-election/ re-appointment at each Annual General Meeting.
- f. Review annually the performance of the Board members and its committees as well as the appropriate mix of skills and experience and other qualities of the Board members as well as the ED, including the core competencies which Non-Executive Directors shall bring to the Board and other qualities to function effectively and efficiently.
- g. Assess annually the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director, including his time commitment, character, experience and integrity vide a formal and objective assessment and NRC shall ensure that all assessments and evaluations carried out by the NRC in the discharge of all its functions shall be properly documented. To ensure the performance of the Board is assessed holistically, the NRC may engage a professional, experienced and independent party to facilitate the Board evaluation. When an independent third party is used to carry out Board evaluation, the Board should also disclose the identity of the third party.
- h. Consider and recommend a policy regarding the period of service of the Executive and Non-Executive Directors of the Company and its subsidiaries.
- i. Consider and recommend any other measure to upgrade the effectiveness of the Board Committees.
- j. Consider and recommend solutions on issues of conflicts of interest affecting the Company's Directors' and subsidiaries.
- k. Recommend the appointment of nominees of the Company to the Boards of the subsidiaries. The Chairman is given the mandate to finalise and recommend nominee Directors of the Company to the respective Board of the subsidiaries.
- l. Review and recommend to the Board the succession plan of the Chairman of the Board, the ED and the Chief Level Officers.

- m. Provide for adequate training and orientation for new Directors with respect to the business, structure and management of the Company as well as the expectations of the Board with regards to their contribution to the Board and Company.
- n. Recommend that all Board appointees undergo the necessary training program prescribed by the applicable statutory and regulatory bodies to broaden their perspectives and keep abreast with developments in the marketplace and with changes in new statutory and regulatory requirements.
- o. Assess the fit and properness of Director for re-election or re-appointment and provide justification for the re-election or re-appointment before recommending to the Board by taking into consideration the following factors:-
 - (i) compatibility within the overall composition of the Board to match the profile and activities of the Company;
 - (ii) willingness to act or continue to act as a Director of the Company after being made aware of his/her responsibilities as a Director;
 - (iii) is or willing to be familiar with the Company's business activities and its operating environment;
 - (iv) has the ability to attend board meetings, either physically or virtually, based on the form of participation required of the Director; and
 - (v) the multiple directorships of the Director do not result in a conflict of interest with the Company, puts the Director in a position where commercially sensitive information could be misused against the Company or cause the Director to be unable to provide the required time commitment to the Company.
- p. Deliberate and recommend any termination of membership of any Director of the Company (if necessary) due to appropriate reasons in accordance with the relevant laws and regulations.
- q. Perform such other assignments as may be delegated by the Board.

5.2 For **Remuneration**, NRC shall:

- a. Recommend to the Board performance contracts and key performance indicators ("**KPI**") for the ED and the Chief Level Officers.
- b. Recommend general remuneration policy, framework and structure of the Company, the Directors, the ED and the Chief Level Officers as well as to review any changes to the same as and when necessary. The NRC may obtain independent professional advice and any other information necessary in determining the framework. This would include establishing a formal and transparent procedure in developing a policy on the remuneration and benefits of the Directors, the ED and the Chief Level Officers.
- c. Implement a formal appraisal process for the evaluation of the effectiveness of the Board as a whole, the Board Committees and the individual contribution of each Director.

- d. Recommendation of remuneration for the Directors, the ED and the Chief Level Officers shall be based on the following considerations:
 - (i) Levels of remuneration structure are sufficient to attract and retain the individuals needed to run the Company successfully at the Board as well as the ED and the Chief Level Officers;
 - (ii) Links rewards to both the Company and individual performances, responsibility and expertise;
 - (iii) Aligns the interests of the Directors, the ED, the Chief Level Officers and the stakeholders with the business strategy and long-term objectives of the Company;
 - (iv) Is based on information obtained from independent remuneration sources within similar industry or market comparability; and
 - (v) Directors and Senior Management's Remuneration policy of the Company.
- e. Recommend to the Board on the Company's framework of remuneration and its cost and to determine on behalf of the Board, specific remuneration packages and conditions of employment (including pension rights) for the Directors, the ED and the Chief Level Officers.
- f. Recommend to the Board compensation commitments / severance payments for the Directors, the ED and the Chief Level Officers in the event of termination of the employment / service contracts by the Company.
- g. Recommend to the Board, bonus payment for the ED and the Chief Level Officers which should be made based on their respective performance relative to the KPI set.
- h. Consider other matters as may be referred to the NRC by the Board.
- i. To carry out such other assignments as may be delegated by the Board.

6. MEETINGS

- a. Meetings of NRC shall be held not less than twice (2) in a financial year of the Company. The ED shall always be invited to attend meetings of NRC save for meeting(s) convened to deliberate matters pertaining to the ED.
- b. Upon the request of any member of NRC, the Chairman of NRC shall convene a special meeting of NRC to consider any matter brought up by the Member.
- c. The quorum for a meeting of NRC shall be two (2) members. No business shall be transacted at any meeting of the NRC unless a quorum is present.
- d. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.
- e. The meetings of NRC shall be governed by the provisions contained in the Constitution of the Company for regulating the meetings and proceedings of the directors unless otherwise provided for in this TOR.

- f. The NRC may request other Directors, members of Management, counsels and consultants as applicable to participate in NRC meetings, as and when necessary.
- g. The NRC member shall excuse himself/herself from the meeting during discussions or deliberations of any matter which gives rise to a situation of an actual or perceived conflict of interest for the member. Where this cause insufficient directors to make up a quorum, NRC has the right to appoint another Director, which meets the membership criteria.
- h. The Secretary of NRC shall be the Company Secretary of Minetech or any other person as the Committee may decide.
- i. NRC meeting agendas shall be the responsibility of NRC Chairman with input from NRC Committee members. The Chairman may also ask Management and others to participate in this process.
- j. Unless a meeting is called on a short notice basis, the agenda for each meeting shall be circulated at least five (5) days before each meeting to NRC members and all those who are required to attend the meeting. Written materials including information requested by NRC from Management shall be received together with the agenda for the meetings or in a separate later addendum prior to the meeting.
- k. NRC shall cause minutes to be duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of NRC. Such minutes shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated. The minutes of NRC meeting shall be available to all Board members through the Secretary of Minetech.
- l. NRC, through its Chairman, shall report matters that are deliberated at NRC meeting(s) and make the necessary recommendations (if necessary) to the Board for the Board's deliberation and decision.
- m. A member of NRC may participate in a meeting of by means of a telephone conference or video conference or any other means of audio-visual communications and the person shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.
- n. The NRC shall regulate the manner of proceedings of its meetings, having regard to normal conventions on such matter. A resolution in writing, signed by majority of the members of the Committee, 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 committee members and may be accepted as sufficiently signed by an NRC member if transmitted to the Company by email, facsimile or other electronic means or digital written message/application to include a signature of an NRC member.

7. DISSOLUTION

The composition of NRC shall be dissolved upon recommendation and decision of the Board.

8. REVISION OF THE TOR

- a. This TOR shall be reviewed annually and any revisions or amendments to this TOR as proposed by the NRC or any third party, shall first be presented to the Board for its approval.
- b. Upon the Board's approval, the said revision or amendment shall form part of this TOR and this TOR shall be considered duly revised or amended.
- c. The duly revised or amended TOR shall be disclosed on the Company's website.