

BOARD NOMINATION AND REMUNERATION COMMITTEE REPORT

The establishment of the Board Nomination and Remuneration Committee ("BNRC") is mandated for listed issuers under Bursa Malaysia's Main Market Listing Requirements. The terms of reference can be found under Investor Relations section on the Company's website at www.alaqar.com.my.

The MCGG 2021 indicates that the Board may establish and delegate part of its powers to one or more other committees, in order to conduct certain tasks and functions expressly delegated to such committees. The committees will examine specific topics chosen by the Board of Directors and report on them to the Board. Decision-making remains the collective responsibility of the Board and the committee may only make suggestions to the Board.

The main purpose of the BNRC is to assist the Board in carrying out its duties and responsibilities in fulfilling its responsibility for oversight with respect to board composition and performance, directors' performance and remuneration structure that drives behaviour within the company.

COMPOSITION OF THE BOARD NOMINATION AND REMUNERATION COMMITTEE

In accordance with the MCGG 2021, the BNRC is composed of a minimum of three, a majority of whom must be Independent Directors. The Committee shall appoint a Chairman amongst its members who must necessarily be an Independent Director.

The Members of the BNRC consist of the following Directors:-

Members	Designation	Date of Appointment
Datuk Hashim bin Wahir (Chairman)	Independent Non-Executive Director	24 January 2022
Dato' Wan Kamaruzaman bin Wan Ahmad (Member)	Independent Non-Executive Director	25 August 2020 (Resigned w.e.f 5 July 2023)
Abdullah bin Abu Samah (Member)	Independent Non-Executive Director	10 March 2021
Shamsul Anuar bin Abdul Majid (Member)	Non-Independent Non-Executive Director	Appointed w.e.f 5 July 2023

Secretaries

1. Nuraliza binti Abd Rahman
2. Rohaya binti Jaafar

MEETINGS HELD DURING FY 2023

The BNRC, in accordance with its regulations, meet whenever it is convened by the Board of Directors, the Committee itself, or by its Chairman. The Committee shall meet at least two (2) times per annum and at such other times as it sees fit.

Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the CEO, the Group Human Resources Vice President, the Head of Corporate Services (Human Resources), and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.

The Company Secretary keeps Minutes of all BNRC meetings, which are available to all members of the Board of Directors.

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MEETINGS HELD DURING FY 2023 (CONT'D)

During the financial year, the meetings held are as follows:-

BNRC Members	16/01/2023	01/06/2023 (special)	23/08/2023	22/11/2023
Datuk Hashim bin Wahir		✓	✓	✓
Dato' Wan Kamaruzaman bin Wan Ahmad		✓	N/A	N/A
Abdullah bin Abu Samah		✓	✓	✓
Shamsul Anuar bin Abdul Majid	N/A	N/A	✓	✓

ROLES AND RESPONSIBILITIES

Notwithstanding the duties assigned to it by law and other duties which may be assigned thereto by the Board of Directors, the Nomination and Remuneration Committee shall have the following basic responsibilities:

- **WITH RESPECT TO REMUNERATION:**
 - a) Recommend to the Board the policy for the remuneration of the Company's Directors;
 - b) Determine the total individual remuneration package of the CEO/Executive Director, including bonuses, share-based incentive awards, and other elements of their remuneration;
 - c) Determine and recommend the Key Performance Indicators and/or performance score-card for the CEO and the Company;
 - d) Ensure compliance with the Remuneration package is competitive and complies with the remuneration Policy that was approved and ratified by the shareholders. The policy is available through the corporate web page of the Company.
- **WITH RESPECT TO NOMINATION**
 - a) Regularly review the structure, size and composition (including the skills, experience, independence, knowledge, and diversity, including gender) of the Board and make recommendations to the Board with regard to any changes that are deemed necessary.
 - b) Keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace.

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ROLES AND RESPONSIBILITIES (CONT'D)

Notwithstanding the duties assigned to it by law and other duties which may be assigned thereto by the Board of Directors, the BNRC shall have the following basic responsibilities (Cont'd):

- **WITH RESPECT TO APPOINTMENTS TO THE BOARD**

- a) Assess the qualifications, background knowledge, and experience necessary to sit on the Board of Directors, defining, accordingly, the duties and qualifications required of the candidates to fill each vacancy, according to the Fit and Proper Policy of the Company that is available through the corporate web page of the Company.

s to fill vacancies for the position of director, provided that the BNRC may as well independently search for and consider alternative candidates for such position. Such Directors are, for the avoidance of doubt, to be appointed upon a decision of the Shareholder of the REIT Manager.

- c) Examine or organise, in the manner it deems appropriate, the succession of the Chairman and CEO and, if appropriate, make proposals to the Board of Directors for such succession to take place in an orderly and well-planned manner.
- d) Ensure that due diligence is carried out on the candidate for directorship and CEO to ensure compliance with the regulatory requirements set by the Authorities.
- e) Ensure compliance with BM's requirement towards 30% female presence on the Board by the year 2027.

- **WITH RESPECT TO INDUCTION AND TRAINING**

The Committee shall ensure that all new directors undertake an appropriate on-boarding Directors Programme and the Mandatory Accreditation Programme (Bursa Malaysia) to ensure that they are fully informed about strategic and commercial issues affecting the Company and the markets in which it operates as well as their duties and responsibilities as a director and consider any training requirements for the Board as a whole.

- **WITH RESPECT TO CONFLICTS OF INTEREST**

The Committee shall:

- a) Before the appointment of a director, require the proposed appointee to disclose any other business interests that may result in a conflict of interest and to report any future business interests that could result in a conflict of interest;
- b) Consider and, if appropriate, authorise situational conflicts of interest of directors and potential directors.

- **WITH RESPECT TO THE BOARD EVALUATION**

The Committee shall:

- a) Assist the Chairman of the Board with the implementation of an annual evaluation process.
- b) Review the results of the Board performance evaluation process that relate to the composition of the Board.

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MATTERS DISCUSSED BY BNRC IN FY 2023

In 2023, the BNRC, in the performance of its duties in accordance with the scope of responsibilities specified in the BNRC Charter as approved by the Board of Directors, convened its four (4) meetings to consider the significant matters and report the results to the Board of Directors that can be summarised as follows:

- a) Establishment of Key Performance Indicators (KPIs) of the Company as well as the CEO based on the approved strategic planning;
- b) Review of the Company's organisation structure that can support the growth and target of the Fund;
- c) Review of the Board/Board's Committees composition and establishment of the Board Sustainability Committee;
- d) Compliance with the requirement in relation to gender diversity (woman director) on the Board;
- e) Review of the performance evaluation on the Board of Directors;
- f) Succession planning of the company secretary; and
- g) Review of the Company's employees' satisfaction survey.

In this regard, the BNRC has performed its duties independently in accordance with good corporate governance principles and ensuring transparency to build the confidence of shareholders and all stakeholders.

EVALUATION OF THE FUNCTIONING AND PERFORMANCE OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

It is a standard practice for the Board to distribute an annual questionnaire at the end of each financial year through the Secretariat of the Board which, amongst other sections, includes a self-assessment, with a series of questions that also enable compliance with the various annual reports of the Committee and the Board.

The Board performed the annual questionnaire and the self-assessment for this financial year 2023, in order to analyse the Board's effectiveness and composition and to identify opportunities for improvement to ensure proper compliance with the existing obligations or recommendations in this area.

The questionnaire used a self-assessment approach on subjective and objective information related to the functioning of the Board and its Committees, among other:

- a) Functioning of the Board, with questions related to the Board's effectiveness and internal functioning.
- b) Structure and composition of the Board, comprising questions to obtain the Directors' opinion on the Board's structure and composition, and the capacities, professional profile of its members, and areas of competencies in order to perform their duties on the Board.
- c) Board of Directors Committees, where the Directors are asked to evaluate the performance of the functions of the BARC, the BIC, and the BNRC.
- d) Board of Director's agenda, where Directors are asked about the Board's performance in areas or matters within its scope, such as the current corporate governance model, environmental, social, and corporate policy (ESG), involvement in the design and approval of strategy in financial and investment policies, monitoring of the risk map (in all its areas), dividend policy and capital structure and their participation in decision-making in significant transactions, among other matters.

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EVALUATION OF THE FUNCTIONING AND PERFORMANCE OF THE BOARD OF DIRECTORS AND ITS COMMITTEES (CONT'D)

- e) Chairman of the Board of Directors and CEO, where the Directors are asked for their views on the performance of these two positions and fulfilment of responsibilities.
- f) Other areas, with questions relating to the Board's response to the industry crisis and improvement opportunities or aspects to be developed in the future.

The responses are generally positive and supportive, without prejudice to the Chairman and the CEO, taking into consideration going forward some of the suggestions made regarding the functioning of the Board.

CONCLUSION

During the financial year 2023, there have been no circumstances or situations in the areas of responsibility and competence of the Committee that required its intervention and/or report to the Board of Directors. The succession planning of the Board of Directors, senior management team as well as gender diversity are the two areas of relevance on which the Committee will continue to work throughout the financial year 2024.