



**WASCO BERHAD**  
**(Formerly known as Wah Seong**  
**Corporation Berhad)**  
Registration No.: 199901020946 (495846-A)

## **NOMINATION AND REMUNERATION COMMITTEE**

### **TERMS OF REFERENCE**

1. **Composition**

The Nomination and Remuneration Committee (“NRC”) shall be chaired by an Independent Director and its members shall comprise exclusively of Non-Executive Directors, a majority of whom are independent.

The Chairman of the Board does not serve on the NRC to ensure check and balance as well as objective review by the Board. The Chairman of the Board shall not participate by way of invitation in the NRC meetings.

2. **Quorum of Meetings**

A minimum of two (2) NRC Members present physically or virtually shall constitute the quorum.

Any other person(s) may be invited by the NRC and/or the NRC Chairman from time to time to attend the NRC meeting.

3. **NRC Members**

The existing NRC Members are as per Appendix I attached.

4. **Majority Decision**

All decisions of the NRC shall be decided on the votes of the simple majority of those Members present physically or virtually.

Any decision or recommendation made by the NRC shall be subject to the review and ultimate approval of the Company’s Board of Directors.

The Director(s) concerned should abstain from discussion on their own remuneration and/or nomination.

5. **Casting Vote**

In the event there be an equality of votes, then the Chairman of the meeting shall have a casting vote.

6. **Frequency of Meetings**

The NRC shall meet at least annually or at such other frequency as the Chairman may determine.

7. **Notice of Meetings**

Minimum seven (7) days or such shorter notice as the NRC may deem fit depending on the nature and prevailing circumstances at hand.

8. **Secretary**

The Group Company Secretary shall be the Secretary for the NRC. In the event that the Group Company Secretary is unable to attend, an assistant or deputy Secretary(s) may be appointed for that specific meeting.

9. **Minutes of Meetings**

The Secretary (which expression shall include the assistant or deputy Secretary appointed under item 8) shall table the Minutes of each NRC Meeting and shall circulate the same for each Member's record. The Chairman's confirmation of the Minutes shall be taken as a correct record of the proceedings thereat.

The Chairman of the NRC shall report on the outcome and decision of each meeting to the Board.

10. **Directors' Fit and Proper Policy**

The Directors' Fit and Proper Policy was established on 23 May 2022 to guide the NRC, the Managing Director/ Group Chief Executive Officer and Deputy Managing Director in the appointment and re-appointment/ re-election of Directors, Chief Executive Officers and Chief Financial Officers of the WASCOT Group based on a list of fit and proper criteria.

The terms of the Directors' Fit and Proper Policy are reviewed and updated from time to time to ensure that they are relevant and in line with the requirements of all relevant acts, rules and guidelines currently in force. The Directors' Fit and Proper Policy is available on the Company's website at [www.wahseong.com](http://www.wahseong.com).

11. **Diversity Policy**

The Diversity Policy was established on 27 November 2018 to promote diversity in the Company and Group's Board of Directors, Senior Management and workforce whereby gender diversity is essential to attain effective strategic objectives of the Group, to enhance sustainable growth and development, and to promote better corporate governance.

The terms of the Diversity Policy are reviewed and updated from time to time to ensure that they are relevant and in line with the requirements of all relevant acts, rules and guidelines currently in force. The Diversity Policy is available on the Company's website at [www.wahseong.com](http://www.wahseong.com).

12. **Roles of the NRC**

The Chairman of the NRC shall lead the succession planning and appointment of Directors and oversee the development of a diverse pipeline for board and management succession, including the future Chairman, Executive Directors and Chief Executive Officer. The Chairman shall also lead the annual review of board effectiveness, ensuring that the performance of each individual Director and Chairman of the Board Committee are independently assessed.

The Chairman shall also assess the Board's effectiveness and the contribution of each individual Director independently in the discharge of their duties and responsibilities.

The NRC shall set the policies and procedures to determine the remuneration of WASCO's Board of Directors and Senior Management, drawing from outside advice as necessary with the objective of ensuring:-

- a. that the Company's Directors and Senior Management are fairly rewarded for their individual contributions to the Company's overall performance;
- b. that the levels of remuneration should be sufficient to attract and retain the Directors and Senior Management needed to run the Company successfully;
- c. that the levels and composition of remuneration of Senior Management take into account the Company's intention to attract and retain the right talents to drive the Company's long-term objectives; and
- d. that the levels of remuneration for Directors and Senior Management are based on the Company's performance in managing material sustainability risks and opportunities.

**(NOTE:**

1. The determination of remuneration packages of Non-Executive Directors, including Non-Executive Chairman should be a matter for the Board as a whole.
2. The individuals concerned should abstain from discussion of their own remuneration.)

13. **Functions of the NRC**

Without prejudice to the generality of the foregoing, the NRC shall:-

- a. Determine the core competencies and skills required of Board members to best serve the business and operations of the Group as a whole and the optimum size of the Board to reflect the desired skills and competencies;
- b. To review and assess the skills, expertise, experience, gender, age, ethnicity, time commitment and independence of its Directors to ensure their relevance and the efficiencies and effectiveness of the Board as a whole including its effectiveness in:
  - promoting a diverse Board composition which includes appropriate number of woman Director(s), as required under the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"); and
  - addressing the Group's material sustainability risks and opportunities.
- c. Review the size of Non-Executive participation, Board balance and determine if additional Board members are required and also to ensure that at least one-third (1/3) of the Board is independent;
- d. To assess the independency of the Independent Directors;

- e. Recommend to the Board on the appropriate number of Directors to compose the Board which should fairly reflect the investments of the minority shareholders in the Company, and whether the current Board representation satisfies this requirement;
- f. Recommend to the Board, candidates for directorships to be filled by the shareholders or the Board;
- g. Consider in making its recommendations, candidates for directorships proposed by the Chief Executive Officer and, within the bounds of practicability, by any other senior executive or any Director or shareholder;
- h. Consider utilizing independent sources in the event suitable candidates could not be sourced from recommendations;
- i. Recommend to the Board, Directors to fill the seats on Board Committees;
- j. Undertake an annual review of the required mix of skills and experience and other qualities of Directors, including core competencies which Non-Executive Directors should bring to the Board and to disclose this forthwith in every Annual Report;
- k. Assist the Board to introduce a criteria and to formulate and implement a procedure to be carried out by the NRC annually for assessing the effectiveness of the Board as a whole, the Board Committees and for assessing the contributions of each individual Director;
- l. Introduce any regulation which would enable the smooth administration and effective discharge of the NRC's duties and responsibilities;
- m. To furnish a report to the Board of any findings of the NRC;
- n. To recommend to the Board for continuation or discontinuation in service of Directors as an Executive Director or Non-Executive Director;
- o. To recommend Directors who are retiring by rotation to be put forward for re-election;
- p. To recommend to the Board the employment of the services of such advisers as it deems necessary to fulfill the Board's responsibilities;
- q. To review the term of office and performance of the Audit Committee and each of its members annually;
- r. To review the appointment and termination of key officers of the Group as follows:-
  - Head Office – Group Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Group Company Secretary;
- s. To review the appointment, re-appointment/ re-election and resignation of Directors on the Board of the Company and of its subsidiaries, where necessary;
- t. To review the composition, quality, capacity, competencies and effectiveness of the Board of the subsidiaries, where necessary;
- u. To review the participation of women in Senior Management to ensure that there is a healthy talent pipeline;

- v. Review, recommend and advise on all forms of directors' remuneration e.g.
  - Basic Salary
  - Profit-sharing schemes (if any)
  - Share options
  - Any other benefits;
- w. To establish fair, formal and transparent procedures for developing a policy for Board of Directors and Senior Management's remuneration and for fixing the remuneration packages of individual Directors and Senior Management;
- x. To determine the appropriate level of remuneration for Board of Directors and Senior Management based on the Company's performance in managing material sustainability risks and opportunities;
- y. To structure the component parts of the Executive Directors' remuneration so as to link rewards to corporate and individual performance; whereas, in the case of Non-Executive Directors, the level of remuneration should reflect the experience and level of responsibilities undertaken by the particular Non-Executive Director concerned;
- z. Conduct continued assessment of individual Executive Directors to ensure that remuneration is directly related to performance over time.

In this regard, the review of Non-Executive Directors' fees may take place at a different time of the year from the review of Executive Directors' salaries;

- aa. To monitor and assess the suitability of such proposed performance related formula (e.g. whether the formula is based on individual performance, company profit performance, earnings per share, etc.) and to see that awards under the Company's share option schemes are consistent with the Company's overall performance and provide an additional incentive to Management;
- bb. To provide an objective and independent assessment of the benefits granted to Executive Directors;
- cc. To ensure that there are adequate pension arrangements for the Executive Directors;
- dd. To consider, the extent of the details of the Board of Directors and Key Senior Management's remuneration to be reported in the Company's Annual Report in compliance with the Malaysian Code on Corporate Governance 2021 ("**MCCG 2021**") and the MMLR of Bursa Securities;
- ee. Introduce any regulation which would enable the smooth administration and effective discharge of the NRC's duties and responsibilities;
- ff. To furnish a report to the Board of any findings of the NRC;
- gg. Engage or appoint such other competent and professional advisers/consultants as may be deemed fit to assist the NRC in the smooth discharge of its duties herein;
- hh. To review the Remuneration Policy / Framework for the Board of Directors and Senior Management of the Group in order to attract and retain key personnel of requisite quality that increases productivity and profitability in the long run. The Remuneration Policy is available on the Company's website at [www.wahseong.com](http://www.wahseong.com);

- ii. The Remuneration Policy and procedures determines the remuneration of Directors and Senior Management which takes into account the demands, complexity and performance of the Company as well as the skills and experience required and which properly reflect the different roles and responsibilities of the Executive Directors, Non-Executive Directors and Senior Management accordingly;
- jj. To review and determine the appropriate remuneration package for the Board of Directors and Key Senior Management of the Group as follows:-
  - Head Office – Group Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Group Company Secretary;
- kk. To review the salary increment or adjustment in the event of promotion or re-designation of Key Senior Management of the Group, where necessary;
- ll. To review the annual increment and bonus payment for Key Senior Management of the Group basing on the performance of the Group and performance of the individuals, where necessary;
- mm. To establish schemes, options and remuneration and compensation plans for the Board of Directors and Key Senior Management of the Group, where appropriate; and
- nn. Generally, to decide and implement such other matters as may be delegated by the Company's Board of Directors from time to time.

14. **Independent Director**

The definition and requirements of an "Independent Director" are in accordance with Chapter 1 and Practice Note 13 of the MMLR of Bursa Securities, and includes the recommended best practices in corporate governance as provided in the MCCG 2021.

15. **Succession Planning for Board and Key Officers**

The NRC shall develop an effective succession planning framework, talent management program, and human capital development process for the Board and the key officers of the Company.

The NRC shall oversee the succession planning for the Board members and the key officers.

16. **Review of the Terms of Reference**

The NRC shall review the Terms of Reference from time to time to ensure its relevance and to consider any amendment/ improvement(s) thereto as and when the NRC deems necessary. Any variation/ amendment(s) to the Terms of Reference shall be recommended to the Board of Directors for endorsement and adoption.

(Merged on 23 May, 2023)

## **APPENDIX I**

### **NRC Members**

The existing NRC members shall comprise of the following persons:-

	<u>Designation</u>	<u>Directorship</u>
Tan Sri Saw Choo Boon	Chairman	Senior Independent Non-Executive Director
Tan Sri Professor Lin See Yan	Member	Non-Independent Non-Executive Director
Lily Rozita Binti Mohamad Khairi	Member	Independent Non-Executive Director