



**KHPT HOLDINGS BERHAD**  
**[REGISTRATION NO. 201901005770(1315097-M)]**

**TERMS OF REFERENCE OF THE NOMINATION AND  
REMUNERATION COMMITTEE**

**DOC NO: KHPT-POLICY-03**

<b>No</b>	<b>Rev</b>	<b>Effective Date</b>	<b>Change Description</b>
1	0	13.03.2024	Initial release
2	1	13.01.2025	Standardize Format
3	2	06.02.2025	Removed Senior Management
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## 1. INTRODUCTION

- 1.1. The Nomination and Remuneration Committee's ("**NRC**") Terms of Reference ("**TOR**") set out the requirements of the Board of Directors ("**Board**") of KHPT Holdings Berhad ("**Company**") towards the establishment of an NRC and the delegation of responsibilities to such committee.

## 2. OBJECTIVES

- 2.1. The objectives of the NRC are to assist the Board in fulfilling its roles and responsibilities in regard to the following:

For Nomination Purposes:

- 2.1.1. Review of the Remuneration Framework across the Group.
- 2.1.2. Review and recommend the remuneration packages of the Executive Directors, Non-Executive Directors, and Group Managing Director to the Board for approval.
- 2.1.3. Review performance and recommend to the Board annual total remuneration packages, including salaries, incentives, and compensation for Group Managing Director, Non-Executive Directors and Executive Directors.
- 2.1.4. Communicate with shareholders on Directors' remuneration.
- 2.1.5. The NRC delegates the authority to the Group Managing Director to determine the appointment of Senior Management.

For Remuneration Purposes:

- 2.1.5. Review of the Remuneration Framework across the Group.
- 2.1.6. Review and recommend the remuneration packages of the Executive Directors, Non-Executive Directors and Group Managing Director to the Board for approval.
- 2.1.7. Review performance and recommend to the Board annual total remuneration packages, including salaries, incentives, and compensation for Group Managing Director and Non-Executive Directors and Executive Directors.
- 2.1.8. Communicate with shareholders on Directors' remuneration.
- 2.1.9. The NRC delegates the authority to the Group Managing Director to determine the bonus, remuneration packages and etc for Senior Management.

## 3. MEMBERS

- 3.1. Membership and the Chairman/Chairperson of the NRC shall be appointed by the Board and shall comprise of not less than three (3) members who shall be appointed from among the Directors of the Board. Members of the Committee shall not comprise the Chairman/Chairperson or Executive Directors of the Board.
- 3.2. All the members of the Committee must be Non-Executive Directors and the majority of whom must be Independent Directors free from any business or relationship that in the opinion of the Board would materially interfere with the exercise of his/her independent judgement as a member of the Committee.
- 3.3. The Chairman/Chairperson of the NRC shall be an Independent Director or Senior Independent Director appointed by the Board.
- 3.4. Members of the Committee may relinquish their membership in the Committee with prior written notice to the company secretary. The Committee will review and recommend to the Board for approval, another candidate to fill up such vacancy.
- 3.5. No Alternate Director shall be appointed as a member of the Committee.

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#### 4. POWERS AND AUTHORITY

- 4.1. The Chairman/Chairperson of the NRC shall:
- 4.1.1. Lead the succession planning and appointment of Board members, including the future Chairman/Chairperson of the Board and Group Managing Director; and
  - 4.1.2. Lead the annual review of the Board's effectiveness, ensuring that the performance of each individual Director and Chairman/Chairperson of the Board is independently assessed.
- 4.2. The Board authorizes the Committee, within the scope of its duties and responsibilities set out in this TOR to:
- 4.2.1. Acquire the resources which are required to perform the activities required to discharge its responsibilities and make the relevant recommendations to the Board;
  - 4.2.2. Have full and unrestricted access to information, records, properties and personnel within the Group;
  - 4.2.3. Obtain relevant internal and external independent professionals to assist in the proper discharge of its roles and responsibilities; advice, as it deems necessary; and
  - 4.2.4. Have access to the advice and services of the Company Secretary.

#### 5. QUORUM AND MEETING GUIDELINES OF THE COMMITTEE

- 5.1. In order to form a quorum, a minimum of two (2) members must be present at the meeting. In the absence of the Chairman/Chairperson of the NRC, the members present shall elect a Chairman/Chairperson for the meeting from amongst the members present.
- 5.2. The Committee shall meet at least once a year. Additional meetings shall be held as and when the Committee or the Chairman/Chairperson of the NRC shall decide. The Committee meetings shall be governed by the provisions of the Company's Constitution relating to Board meetings unless otherwise provided for in this TOR. The Committee may establish procedures from time to time to govern its meetings, keeping of minutes and its administration.
- 5.3. The Committee may request, when applicable and necessary, other Directors, members of Board committees/management, counsel and consultants to participate in the meetings, to assist in carrying out the Committee's responsibilities.
- 5.4. A member of the Committee shall excuse himself/herself from the meeting during discussions or deliberations of any matter which gives rise to an actual or perceived conflict of interest for him/her. Where this causes a lack of quorum, the Committee shall appoint another candidate(s) who meets the membership criteria.
- 5.5. A member of the Committee may participate in a meeting by means of 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.
- 5.6. Unless a meeting is called on a short notice basis, the notice and agenda for each Committee meeting shall be sent to:
  - 5.6.1. All members of the Committee; and
  - 5.6.2. Any other person who may be required to attend the meeting at least 5 days prior to the meeting.

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5.7. The Chairman/Chairperson of the NRC shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities as well as on any matter that should be brought to the Board's attention and provide recommendations of the Committee that require the Board's approval at the Board meeting.

5.8. The Committee shall regulate the manner of proceedings of its meetings, having regard to normal conventions on such matters. A resolution in writing, signed by all the members of the Committee, shall be as effectual as if it has been passed at a meeting of the Committee 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.

## 6. SECRETARY OF THE COMMITTEE

6.1. The Company Secretary or his/her representative or other appropriate senior officer shall act as secretary of the Committee ("**Secretary**").

6.2. The Secretary or his/her representative or other appropriate senior officer shall be present to record proceedings of the Committee meetings.

6.3. The Secretary shall have the following responsibilities:

- 6.3.1. Ensure all meetings are arranged and held accordingly.
- 6.3.2. Draw up meeting agenda in consultation with the Chairman of the NRC and circulate the agenda together with the relevant papers at least 5 days prior to each meeting to enable full and proper consideration to be given to issues;
- 6.3.3. Prepare the minutes of the Committee meetings and record the conclusions of the Committee in discharging its duties and responsibilities;
- 6.3.4. Ensure the minutes are endorsed by the Chairman/Chairperson of the NRC before circulating promptly to all members of the Committee and make the same available to Board members who are not members of the Committee; and
- 6.3.5. Ensure that the minutes of the Committee meetings are properly produced and kept at the registered office of the Company. The minutes shall be open for inspection by the Board. Any request by Management or other person to inspect the minutes shall be subjected to the approval of the Committee.

## 7. DUTIES AND RESPONSIBILITIES

7.1. Composition of the Board, Board Committees, and all Directorships in the Group:

- 7.1.1. Review the structure, size and composition (including skills, knowledge, experience and diversity in skills, experience, age, cultural background and gender) of the Board, Board Committees, and all Directorships in the Group with a view to determine the impact in respect of its effectiveness and recommend on any improvements or changes;
- 7.1.2. Review and recommend to the Board the policy on Board composition in respect of mix of skills, knowledge, experience, expertise, independence, diversity (including gender, ethnicity and age) and core competencies needed to facilitate effective functioning of the Board; and
- 7.1.3. Draw up, review and recommend to the Board the Policy on Independence and Conflict of Interest.

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7.2. Nomination and election/ Appointment/ Re-appointment/ Re-election process:

- 7.2.1. In respect of employment contracts, the duties of Committee members are set out as below:
- a) Review and recommend to the Board the appointment of any Group Managing Director, Non-Executive Directors and Executive Directors of the Company;
  - b) Review and recommend the extension of contracts of Group Managing Director, Non-Executive Directors and Executive Directors of the Company;
  - c) Review and recommend to the Board any matters relating to continuation, extension, suspension or termination of Group Managing Director, Non-Executive Directors and Executive Directors of the Company.
- 7.2.2. Develop and review criteria used in the appointment/recruitment of Board members, Committee members, all Directorships in the Company, and recommend to the Board for approval;
- 7.2.3. Recommend to the Board the criteria for identifying a Senior Independent - Director;
- 7.2.4. Recommend to the Board for its approval, candidates for the Board, Senior Independent Director, Board Committees including the Chairman and all directorships within the Group. The Committee shall consider the prospective Director's character, experience, skills, expertise, core competencies, integrity and time commitment, number of directorships and external obligations.
- 7.2.5. Assess the fit and proper criteria for the re-election or re-appointment of Directors and provide justification for the re-election or re-appointment before recommending it to the Board. The assessment of fitness and properness of each individual Director should take into consideration the following factors:
- a) Compatibility within the overall composition of the Board to match the profile and activities of the Company;
  - b) Willingness to act or continue to act as a Director of the Company after being made aware of his/her responsibilities as a Director;
  - c) Is or willing to be familiar with the Company's business activities and its operating environment;
  - d) Has the ability to attend board meetings, either physically or virtually, based on the form of participation required of the Director.
- 7.2.6. The Committee will seek professional advice from independent executive search firms as and when it is considered necessary, to identify a short-list of suitable candidates and a list of nominations for candidates proposed by the Directors, or shareholders for consideration.
- 7.2.7. The Company should disclose in its Annual Report how candidates for Non-Executive Director positions were sourced including whether such candidates were recommended by the existing board members, management or major shareholders.
- 7.2.8. If the selection of candidates was solely based on recommendations made by the existing board members, management or major shareholders, the Committee should explain why other sources were not used.
- 7.2.9. All the candidates are interviewed by at least two (2) members of the Committee whose evaluations will be circulated to all the members of NRC. The target appointment date is then fixed.
- 7.2.10. The written consent of the nominees to act if elected shall be secured.

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7.3. Effectiveness of the Board as a whole, the Board Committees and contributions of each individual Director.

- 7.3.1. Assess on an annual basis, the effectiveness of the Board as a whole, the individual Directors, the Board committees and the contributions of each Director, Group Managing Director and maintain proper documentation of such assessment. To ensure the performance of the Board and Group Managing Director is assessed holistically, the Committee 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.
- 7.3.2. Assess the findings of the Board assessment and take appropriate actions to address any shortcomings identified from the assessment and table to the Board for review and approval;
- 7.3.3. Review on an annual basis, the independence of Independent Directors with reference to the definition of “Independent Director” as stipulated by Rule 1.01 of the Bursa Securities’ Ace Market Listing Requirements (“**AMLR**”) 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:
  - a) Assessment by the Committee, regarding the independence and contributions.
  - b) Annual shareholders’ approval via a two-tier voting process in a general meeting, where the Board provides strong justification on the recommendation.

7.4. Review of the Audit and Risk Management Committee.

- 7.4.1. Review the term of office and performance of Audit and Risk Management Committee and each of its members annually to determine whether such Audit and Risk Management Committee and members have carried out their duties in accordance with their terms of reference.

7.5. Succession Planning.

- 7.5.1. Review and oversee a succession planning framework for the Board, Board Committee members, Chairman/Chairperson, Group Managing Director of the Company and Board of the subsidiaries.
- 7.5.2. Keep under review the leadership needs of the Company, both executive and non-executive, with a view to ensuring the continued ability of the Company to compete effectively in the marketplace.
- 7.5.3. Give full consideration to succession planning in the course of its work, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed by the Board in future.
- 7.5.4. Make recommendations to the Board concerning the succession plans for Executive Directors and in particular for the Group Managing Director.
- 7.5.5. Make recommendations to the Board concerning the re-appointment of any Non-Executive Director at the conclusion of his or her specified term of office, and re-election of any director under the provisions of retirement by rotation in the Company’s Constitution.

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7.5.6. Make any necessary recommendations to the Board concerning the continuation in office, suspension or termination of service of any director (subject, in the case of directors who are Company's employees, with the exception of Executive Directors, whose employment is subject to the provisions of their employment contracts, if any), and to the provisions of their employment contracts, if any.

7.5.7. Make recommendations to the Board concerning the continuation (or not) in service of any Independent Director who has served consecutively or cumulatively more than 9 years.

**7.6. Induction and Training Programs.**

7.6.1. Recommend suitable orientation/induction, educational and training programs to continuously train and equip the existing and new Directors; and

7.6.2. To ensure a statement is made in the Annual Report by the Board containing a brief description of the type of training attended by Directors during the financial year.

**7.7. Review the Remuneration Framework.**

7.7.1. Review and recommend to the Board on the following parameters of the framework:

- a) Review the remuneration policy which relates to both Non-Executive and Executive Directors and Group Managing Director of the Company;
- b) To formulate policies, procedures, guidelines and set criteria for remuneration packages for the Executive Directors and Non-Executive Directors of the Company;
- c) Assist the Board in developing and administering a fair and transparent procedure for setting policy on the remuneration of Directors of the Company. The remuneration packages are determined on the basis of the Directors' merits, qualification and competence, having regard to the company's operating results, individual performance and comparable market information;
- d) Review the level of remuneration as it should be aligned with the business strategy and long-term objectives of the Company, complexity of the Company's activities, reflect the experience, level of responsibilities and performance in managing material sustainability risks and opportunities undertaken by the Executive Directors and Non-Executive Directors of the Company;
- e) Review and approve performance measures for incentive plans recommended by Management, drawing from external advice, if necessary; and
- f) To consider all other related matters as may be requested by the Board from time to time.

**7.8. Remuneration packages of the Executive Directors, Non-Executive Directors and Group Managing Director of the Company.**

Executive Directors' Remuneration

7.8.1. Review and recommend to the Board the remuneration of Executive Directors of the Company where the individuals concerned shall abstain from discussion of their own remuneration.

Non-Executive Directors' Remuneration

7.8.2. Review and recommend to the Board the fees and benefits payable, if any for Non-Executive Directors of the Company taking into consideration responsibilities undertaken such as acting as the Board Chairman/Chairperson, Chairman/Chairperson of a Board Committee or as the Senior Independent Director. The individuals concerned shall abstain from discussion and participation in decisions regarding their own remuneration packages.

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Group Managing Director's Remuneration

7.8.3. Determine and recommend to the Board the appropriate remuneration of the Group Managing Director of the Company, taking into consideration payment and employment conditions within the industry and comparable companies to retain the best candidates and incentives to motivate staff.

7.9. Communicate with shareholders on Directors' remuneration.

7.9.1. The remuneration of individual Directors of the Company shall be disclosed on a named basis in the Annual Report.

7.9.2. The Chairman/Chairperson of the NRC or in his absence, another member of the Committee shall attend the Annual General Meeting of the Company and be prepared to respond to questions at the meeting on the Committee's work and responsibilities.

7.9.3. Review and recommend to the Board and thereafter the shareholders at the Annual General Meeting, the fees of the Directors and any benefits payable to the Directors including any compensation for loss of employment of a director or former director of the Company.

**8. DISCLOSURE ON THE NRC'S ACTIVITIES**

8.1. The Company must provide in its Annual Report a statement about the activities of the Committee in the discharge of its duties for the financial year. The statement must include the requirements as set out in the AMLR and contain the following information.

8.1.1. The policy on the Board composition having regard to the mix of skills, independence and diversity (including gender diversity)

8.1.2. The Board nomination and election process of Directors and criteria used in the selection process

8.1.3. Assessment undertaken by the Committee in respect of the Board, Board Committees and individual Directors together with the criteria for such assessment.

8.2. Written TOR.

**9. REVIEW & REVISION**

9.1. The TOR shall be assessed, reviewed and updated annually by the Board.

9.2. Any revision or amendment to this TOR, as proposed by the NRC or any third party, shall first be presented to the Board for its approval.

9.3. 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.

9.4. This TOR shall be disclosed on the Company's website.