

# **Terms of Reference for Nomination and Remuneration Committee**

**OSKH-CS-TOR-005-4**

**20 November 2024**

**OSK**

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## Revision History Log

Ver. No	Section	Section Name	Page	Details of Amendments	Effective Date	e-Circular No.
1	All	All	All	Document published	May 2016	NIL
2	All	All	All	Renamed from Nomination Committee to Nomination and Remuneration Committee	28 Feb 2018	OSKH/CS/CIR/003
	A.2.2	Duties and Functions - Establish Assessment Mechanism and Succession Planning	6	Included annual assessment requirement for individual directors based on MCCG		
3	-	Glossary	4	Updated terms and description in Glossary	18 Nov 2020	OSKH/CS/CIR/004
	A.2.6	Duties and Functions – Remuneration Packages	8	Updated the duties and functions in relation to remuneration packages based on MCCG		
	A.4.1	Meetings & Minutes - General	9	Standardised relevant paragraphs with other Board Committees' Terms of Reference		
	A.5	New	10	Added Review of the Terms of Reference		
4	All	All	All	Revamping of format and content update – Refer to Summary of Changes	20 Nov 2024	OSKH/CS/CIR/011

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## Glossary

<b>Term</b>	<b>Description</b>
"Board"	The Company's Board of Directors
"Board Committees"	Audit Committee, Risk Management Committee, Nomination and Remuneration Committee and Sustainability Committee of the Company, collectively
"Bursa Malaysia"	Bursa Malaysia Securities Berhad
"Company"	OSK Holdings Berhad
"Director"	A member of the Board, which include both Executive and Non-Executive directors
"Executive Director"	A Director with executive powers and who participates in the management of the Company
"Independent Director"	A Director who is independent of management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interest of the Company and who satisfies the criteria for "independence" set out in the Listing Requirements
"Listing Requirements"	Main Market Listing Requirements of Bursa Malaysia, including any Practice Notes issued in relation thereto, as amended from time to time and any updates or revisions thereto
"Non-Executive Director"	A Director without executive powers and who does not participate in the management of the Company
"NRC"	Nomination and Remuneration Committee
"the Group"	OSK Holdings Berhad and its subsidiaries, collectively
"Key Senior Management"	Executive Directors or above of the Group

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## **A. TERMS OF REFERENCE**

### **A1. Nomination and Remuneration Committee**

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- 1. Introduction**
1. The NRC is established by the Board of Directors (“Board”) with the specific responsibility for selection and assessment of Directors and Key Senior Management. It has the duty to strengthen composition with boardroom diversity and appropriate mix of skills to ensure sustainability of the Group. Its scope will include succession planning and skills development with appropriate remuneration package to attract and retain the right person.
- 2. Composition**
1. The NRC shall comprise exclusively of Non-Executive Directors, at least three (3) members, a majority of whom are Independent Directors.
  2. The Chairman of the Board shall not be appointed as a member of the NRC.
  3. In the event of any vacancy in the NRC, the vacancy shall be fulfilled within three (3) months.
- 3. The Chairman**
1. The NRC shall be chaired by the Senior Independent Director or Independent Director appointed by the Board.
  2. In the absence of the Chairman, the members present shall elect a Chairman from amongst them to chair the meeting.

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End

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## **A. TERMS OF REFERENCE**

### **A2. Duties and Functions**

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|---|--|
| <p><b>1. Establish Minimum Requirements for the Board and Key Senior Management</b></p> | <ol style="list-style-type: none"> <li>1. To establish minimum requirements for the Board and Key Senior Management, i.e., required skills, experience, qualification, cultural background, integrity, expertise and other core competencies.</li> <li>2. The requirements and criteria shall be approved by the Board.</li> </ol>   |
| <p><b>2. Establish Assessment Mechanism and Succession Planning</b></p>                 | <ol style="list-style-type: none"> <li>1. To establish a mechanism for the formal assessment on the effectiveness of the Board as a whole, the contribution of each Director to the effectiveness of the Board, the contribution of the Board Committees and the performance of Key Senior Management.</li> <li>2. Annual assessment shall be conducted based on objective performance criteria, including review of performance of the Board and Key Senior Management in addressing the Group's material sustainability risks and opportunities, and the performance criteria shall be approved by the Board.</li> <li>3. The annual assessment of individual Director should include an evaluation of his/her: <ol style="list-style-type: none"> <li>3.1. Will and ability to critically challenge and ask the right questions;</li> <li>3.2. Character and integrity in dealing with potential conflict of interest situations;</li> <li>3.3. Commitment to serve the Company, due diligence and integrity; and</li> <li>3.4. Confidence to stand up for a point of view.</li> </ol> </li> <li>4. All assessments and evaluations carried out by the NRC in the discharge of all its functions shall be properly documented.</li> <li>5. To establish an appropriate framework or policy on succession planning for Key Senior Management.</li> <li>6. The succession planning framework or policy shall be approved by the Board.</li> </ol> |

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**3. Recommendation and Assessment**

1. To assess and recommend the nominees for directorship, Board Committee members as well as nominees for Key Senior Management.
2. To establish a formal, rigorous and transparent nomination process for the appointment of Directors and Key Senior Management.
3. To ensure orientation and education programmes are provided for new Director with respect to the business, structure and management of the Group.
4. To review the tenure of each Director and the annual re-election of a Director should be contingent on satisfactory evaluation of the Director's performance and contribution to the Board.
5. The appointment of Directors and Key Senior Management, as well as re-election of Directors shall be guided by criteria in the Fit and Proper Policy of the Company.
6. The actual decision as to who shall be nominated/appointed shall be the responsibility of the Board after considering the recommendations of the NRC.
7. To recommend to the Board any removal of a Director from the Board in the event that the Director is ineffective, errant and/or negligent in discharging his/her responsibilities.
8. To recommend to the Board any removal of Key Senior Management in the event that they are ineffective, errant and/or negligent in discharging their responsibilities.
9. To review the term of office and performance of the Board Committees and each of their members annually to determine whether the Board Committees and their members have carried out their duties in accordance with their terms of reference.

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- 4. Overseeing the Composition of the Board and / or Key Senior Management**
1. To oversee and review the overall composition of the Board, Board Committees and/or Key Senior Management through annual review, in terms of:
    - 1.1. the appropriate size, structure and composition of the Board and Board Committees;
    - 1.2. skills, experiences and other qualities including core competencies which Non-Executive Directors should bring to the Board;
    - 1.3. the independence of each Independent Director;
    - 1.4. the balance between Executive Directors, Non-Executive Directors and Independent Directors; and
    - 1.5. Diversity in Board and/or Key Senior Management including the participation of women Directors and/or Key Senior Management.
  2. To review if the composition of the Board is required to be refreshed.
  3. To ascertain “independence” of Independent Directors pursuant to the criteria as set out in the Listing Requirements.
  4. The Independent Director must immediately disclose to the Board on any change in his/her circumstances that may affect his/her status as an Independent Director. In such a case, the NRC must review his/her independence and designation as an Independent Director.
  5. The Board recognises the risk of familiarity impeding the objectivity of Independent Directors and adopts a policy which limits the tenure of an Independent Director to nine (9) years.
  6. To oversee and ensure the annual performance evaluation of the Board, Board Committees, individual Directors and Key Senior Management are being assessed independently.
  7. To oversee the implementation of the succession planning and the development of a diverse pipeline for the succession of the Board and Key Senior Management.
  8. To assess and ensure that all Directors receive appropriate and relevant continuous training programs in order to keep abreast with the latest development in the industry as well as the emerging sustainability issues relevant to the Group.



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- 5. Remuneration Framework**
1. To recommend a framework of remuneration for Directors and Key Senior Management for the Board's approval:
    - 1.1. The remuneration framework shall support the Company's culture, objectives and strategy and shall reflect the experience, level of responsibility and commitment undertaken by the Directors and Key Senior Management.
    - 1.2. There shall be a balance in determining the remuneration package, which shall be sufficient to attract, retain and motivate Directors and Key Senior Management of calibre.
    - 1.3. The framework shall cover all aspects of remuneration including Directors' fees, salaries, allowances, bonuses, options, benefits-in-kind and termination/retirement benefits.
- 6. Remuneration Packages**
1. As guided by the Remuneration Policy, to review and/or recommend the remuneration packages for the Directors and Key Senior Management.
  2. The remuneration packages of Directors and Key Senior Management shall be determined by the Board. The Director concerned shall abstain from discussion of his/her own remuneration.

<p><b>Note:</b> Refer to Remuneration Policy</p>
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End

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## **A. TERMS OF REFERENCE**

### **A3. Authority**

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#### **1. General**

1. The NRC shall within its terms of reference:

- 1.1. Have the resources which are required to perform its duties and be provided with relevant information on a timely basis;
- 1.2. Have full and unrestricted access to any information pertaining to the Company and the Group;
- 1.3. Have the authority to investigate any matter within its terms of reference;
- 1.4. Have direct communication channels with the employees and external parties, whenever deemed necessary;
- 1.5. Have authority to engage independent consultants or other advisors; and
- 1.6. Be able to convene meetings with external parties, whenever deemed necessary.

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End

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## **A. TERMS OF REFERENCE**

### **A4. Meetings & Minutes**

#### **1. General**

1. The NRC shall meet at least once a year or as and when required to deliberate on the above responsibilities.
2. Prior notice shall be given for the NRC meetings.
3. The quorum of the meeting shall be at least two (2) members or 50% of the total members, whichever is higher.
4. The NRC is allowed to carry out the resolution by way of circulation. A circular resolution signed, approved or assented by any written electronic communications/means by a majority of the members of the NRC and who are sufficient to form a quorum, shall be as valid and effectual as if it had been passed at a meeting of the NRC duly called and constituted. All such resolutions shall be described as "Nomination and Remuneration Committee Members' Circular Resolutions" and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by the Secretary in the Company's minute book. Any such resolution may consist of several documents in like form, each signed by one (1) or more NRC members.
5. The NRC may meet together for dispatch of business, adjourn, and otherwise regulate their meetings as they think fit by means of any communication technology by which all persons participating in the meeting are able to hear and be heard by all other participants without the need for a member to be in the physical presence in the meeting. The member participating in any such meeting shall be counted in the quorum for such meeting. All resolutions agreed by the members in such meeting shall be deemed to be as effective as a resolution passed at a meeting in person of the members duly convened and held.
6. All decisions of the NRC will be recommended for the approval of the Board. Resolutions, proposals and matters tabled for approvals at any meeting of the NRC shall be decided by a simple majority of the members present. One (1) member shall have one (1) vote. In case of an equality of votes, the Chairman of the NRC shall have a second or casting vote.

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7. The NRC may invite any person to attend the meeting to assist in its deliberations.
  8. The NRC member is required to make declaration and abstain from deliberations and voting in respect of any matter which may give rise to a conflict of interest or potential conflict of interest situation. The interested NRC member shall be counted as part of the quorum of the meeting.
  9. The Chairman shall nominate any person as Secretary to the Committee (“Secretary”) and the Secretary shall be responsible for taking the minutes of meetings, keeping the minutes and to produce the minutes for inspection, when necessary.
  10. The Secretary, in consultation with the Chairman, shall draw up an agenda, which shall be circulated together with the relevant support papers to each NRC member prior to the NRC meeting.

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End

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## **A. TERMS OF REFERENCE**

### **A5. Reporting**

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#### **1. General**

1. The Chairman assisted by NRC shall report the proceedings of each NRC meeting to the Board and update the Board on significant issues and concerns discussed and where appropriate, make necessary recommendations to the Board.

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End

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## **A. TERMS OF REFERENCE**

### **A6. Review of the Terms of Reference**

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#### **1. General**

1. The NRC will assess, review and update the terms of reference at least once every three (3) years or as and when there are changes to the regulatory requirements, direction or strategies of the Company that may affect the NRC's roles.
2. The Secretary shall be responsible to highlight and notify the NRC when the need arises for a review.
3. The NRC will recommend changes for the approval of the Board.
4. In the event the regulatory requirements are amended, modified or varied, such amendments, modifications or variations shall be deemed inserted herein whereupon this terms of reference shall be read and construed accordingly.

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End