

# **MBM Resources Berhad**

## **Board Nominating & Remuneration Committee**

### **Terms of Reference**

---

Ver. 5.0 (28.02.24)

## **1. INTRODUCTION**

This Terms of Reference (“TOR”) identifies the purpose, composition, authority, procedures, and the duties and responsibilities of the MBM Resources Berhad (“MBMR” or “the Company”) Board Nominating and Remuneration Committee (“NRC”).

## **2. COMMITTEE PURPOSE**

The NRC is established as a committee of the Board of Directors of MBMR (“the Board”). The primary objectives of the NRC are as follows:-

- (a) Review the Board composition and its required mix of skills, identify individuals suitably qualified to become Board members and recommend to the Board nominees for election at the annual shareholders meeting including prospective Director candidates in the event of the resignation, death, removal, retirement of Directors or a change in the Board composition requirements;
- (b) Evaluate the effectiveness of the Board, Board Committees and contributions of each individual Director at least annually;
- (c) Recommend to the Board for approval the appointment of the Company’s Managing Director (“MD”)/Chief Executive Officer (“CEO”), Executive Directors and key management personnel (Head of Divisions or direct reports to the MD/CEO) including their respective remuneration packages and additionally ensuring that any remuneration/reward are linked to corporate and individual performance in attracting, retaining and motivating the MD/CEO and key management personnel of the appropriate calibre, experience and quality needed to run the Company;
- (d) Recommend, review and ensure implementation of remuneration policies and procedures to determine the remuneration of Non-Executive Directors, MD/CEO, Executive Directors and key management personnel, which takes into account the demands, complexities and performance of the Company as well as skills and experience required;
- (e) Review the key roles and responsibilities and Key Performance Indicators of the MD/CEO, and assess/measure the performance of these persons against those roles and indicators; and
- (f) Review and monitor the succession plan for members of the Board and key management personnel of the Company and its subsidiaries, including the evaluating and recommending any potential successors or candidates for such positions where applicable.

### **3. COMMITTEE COMPOSITION**

#### **3.1 Members**

- (a) The NRC shall be appointed by the Board from amongst the Directors of the Company and shall consist of not less than three members, all shall be Non-Executive Directors with a majority of whom must be independent<sup>1</sup>.
- (b) No Alternate Director shall be appointed as a member of the NRC.
- (c) The Board shall review the terms of office and performance of the NRC and each of its members annually to determine whether they have carried out their duties in accordance with their TOR.
- (d) Should a vacancy in the NRC occur resulting in the non-compliance with the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad, the Board shall fill the vacancy within three months from the date of the vacancy.

#### **3.2 Chairman**

The appointment of the Chairman of the NRC shall be approved by the Board and shall be an Independent Non-Executive Director or the Senior Independent Non-Executive Director<sup>2</sup>.

In the absence of the Chairman of the NRC at any Committee meeting, the other NRC members present shall amongst themselves elect a Chairman who must be an Independent Non-Executive Director to chair the meeting.

#### **3.3 Secretary**

The Company Secretaries of the Company or such substitute as appointed by the Directors from time to time shall act as the secretary of the NRC during the term of his/her appointment.

### **4. COMMITTEE RESPONSIBILITIES AND DUTIES**

#### **4.1 Nomination**

The responsibilities and duties of the NRC on nomination matters are:-

- (a) New Appointments
  - (i) Consider and recommend to the Board candidates for directorship and key management personnel, proposed by the MD/CEO or any director or shareholder, or outsourced independent service providers, taking into consideration the candidates’ skills, knowledge,

---

<sup>1</sup> Paragraph 15.08A(1) of MMLR and Guidance 7.2 of MCGG 2021

<sup>2</sup> Practice 5.8 of MCGG 2021

expertise and experience, time, commitment, character, professionalism and integrity. For the position of Independent Non-Executive Directors, the NRC should also evaluate the candidates' ability to discharge such responsibilities as expected from Independent Non-Executive Directors;

- (ii) Prospective candidates for directorship who are active politicians shall not be considered to prevent doubts from being casted on the integrity and governance of the Company<sup>3</sup>.
- (iii) Before any appointment by the Board, evaluate the balance of skills, knowledge, experience and diversity on the Board and management in line with the Board Diversity Policy.
- (iv) Prepare a description of the role and capabilities required for a particular appointment for recommendation to the Board. In identifying suitable candidates, the NRC may:-
  - (aa) use the services of independent external advisors to facilitate the search<sup>4</sup>;
  - (bb) consider candidates from a wide range of backgrounds;
  - (cc) consider candidates on merit and against objective criteria with due regard to diversity in skills, experience, age, gender and ethnicity, as well as the candidate's time commitment;
  - (dd) consider the disclosure of any interest, position or relationship that may result in a conflict of interest or might influence, or reasonably be perceived to influence in a material respect the capacity to bring independent judgment to bear on issues before the Board and to act in the best interests of the Company as a whole; and
  - (ee) in the case of the appointment of the Chairman, prepare position description, including time commitment expected. Any significant commitment should be disclosed to the Board prior to appointment and any changes should be reported to the Board as they arise;
- (v) Recommend to the Board, candidates to fill the seats on Board committees, in consultation with the Chairman of those committees. In the event that the Chairman's position (regardless of Board/Board committee) is to be filled, to consult with the Board; and
- (vi) Ensure that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, Board committee involvements and involvement outside Board meetings.

(b) Re-election, Re-appointment and Resignation/ Termination

- (i) Recommend to the Board, candidates for re-election of Directors by shareholders under the annual re-election provisions or retirement (subject to a satisfactory outcome of a

---

<sup>3</sup> Guidance 5.5 of MCCG 2021

<sup>4</sup> Practice 5.6 of MCCG 2021

performance evaluation of the Director<sup>5</sup>), with due consideration to the tenure of the Director and the extent to which the interplay of the Director's expertise, skills, knowledge and experience with those of other Board members, as well as their roles as committee members;

- (ii) Matters relating to the continuation in office of any Director at any time, including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provisions of the law and their service contract; and
- (iii) The re-appointment of any Non-Executive Director at the conclusion of his term of office having given due regard to his performance and ability to continue to contribute to the Board in terms of knowledge, skills, diversity and experience required.

(c) Specific Nominations and Succession Planning

- (i) Recommend suitable candidates for the role of Senior Independent Director, as applicable;
- (ii) Periodically report to the Board on succession planning for the Board Chairman, Directors and key management personnel, particularly the MD/CEO for both MBMR and its subsidiaries. The Board should work with the NRC to evaluate potential successors, taking into account the challenges and opportunities facing the Company, and the skills and expertise, including diversity, needed on the Board in the future; and
- (iii) Evaluate and recommend suitable candidates for appointments as Directors or key management personnel at subsidiaries and/or associates.

(d) Annual Performance Assessment of Board, Committees and Individual Directors<sup>6</sup>

- (i) Annually review the required mix of skills, experience, diversity and other qualities, including core competencies and effectiveness of the Board, the Board committees and the members of the Board/committees. All evaluations carried out by the NRC in the discharge of its functions should be properly documented. This process should be coordinated by the NRC, with the assistance of the Company Secretary or an external service provider engaged by the NRC as it deems appropriate, and thereafter, reporting to the Board at the end of each financial year with an assessment of the Board's performance and areas in which the Board, Board committees or individual Director could improve or if the composition of the Board should be refreshed; and
- (ii) Annually review the time required of Non-Executive and Independent Directors. Performance assessments should be undertaken to assess whether the Directors are spending enough time to fulfill their duties.

---

<sup>5</sup> Practice 5.1 of MCCG 2021

<sup>6</sup> Practice 6.1 of MCCG 2021

- (iii) Annually evaluate the performance of the Directors together with key management personnel in addressing material sustainability risks and opportunities towards achieving the Group’s sustainability targets, where applicable<sup>7</sup>.

(e) Induction Training and Training Needs Analysis

Review the induction and training needs of Directors. Ensure the training programme attended by the Directors must be one that aids the Director in the discharge of his duties.

(f) Size of Board and Independent Directors

- (i) Assess the desirable balance in Board membership by reviewing the size, structure and composition of the Board, taking into consideration the number of directorships;
- (ii) Assess desirable number of Independent Directors; and
- (iii) Consider the representation of interest groups as part of boardroom diversity. Factors to consider may include skills, experience, age, gender, ethnicity, religion, nationality, professional background and culture.

(g) Directors’ Fit and Proper<sup>8</sup> Policy

Determine and recommend the appointment and re-election of members of the Board of the Company and its subsidiaries based on the Directors’ Fit and Proper Policy, which encompasses:

- a. Character and integrity;
- b. Experience and competence
- c. Time and commitment.

## 4.2 Remuneration

(a) The responsibilities and duties of the NRC on remuneration matters are:-

- (i) Determine and recommend and review the appropriateness and relevance of the general remuneration policy for Directors and key management personnel of the Company and its subsidiaries, including benefits, perquisites, pension rights and any compensation payments;
- (ii) Review the performance of, and recommend to, the Board for approval the annual total remuneration packages (guaranteed pay, short and long-term incentives, benefits and perquisites, and any compensation payable for loss or termination of office or appointment) of individual Executive Directors and key management personnel;

---

<sup>7</sup> Practice 4.4 of MCCG 2021

<sup>8</sup> Paragraph 15.01A of MMLR

- (iii) Determine and set performance measures for incentive plans other than those included in the Long-Term Incentive Plan;
  - (iv) Review and recommend to the Board the remuneration of Non-Executive Directors to the Board for the approval of shareholders in general meeting;
  - (v) Provide clarification to shareholders during general meetings on matters pertaining to remuneration of Directors and key management personnel as well as the overall remuneration framework of the Company;
  - (vi) Obtain reliable, up-to-date information about remuneration in other companies within the market and industry, of comparable scale and complexity. To help it fulfill its obligations, the NRC shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary at the expense of the Company but within any budgetary restraints imposed by the Board;
  - (vii) Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the NRC;
  - (viii) Approve the design of, and determine targets for, any performance-related pay schemes operated by the Company, other than the Long-Term Incentive Plan, and approve the total annual payments made under such schemes;
  - (ix) Review the design of all share incentive plans, other than the Long-Term Incentive Plan, for approval by the Board and shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to Executive Directors and other designated senior executives and the performance targets to be used;
  - (x) Ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
  - (xi) Review and recommend to the Board the organisational structure of the Company and oversee any major changes in employee benefits structures throughout the Company or Group; and
  - (xii) Review and recommend to the Board any policy and/or procedures for authorising claims for expenses from the Directors (where applicable).
- (b) In carrying out its duties and responsibilities, the NRC should ensure that the Company's remuneration policy and framework is robust and effective enough in the following areas:-
- (i) Attracting and retaining key management personnel of requisite quality that increases productivity and profitability in the long run;

- (ii) Motivating and creating incentives for Directors and key management personnel to perform at their best;
  - (iii) Focusing attention on the achievement of desired goals and objectives; and
  - (iv) Have regard to the risk appetite of the Company and alignment to the Company's long strategic term goals. A significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and designed to promote the long-term success of the Company.
- (c) The fees and benefits for Independent Non-Executive Directors should not conflict with their obligation to bring objectivity and independent judgement on matters discussed at Board meeting.

### **4.3 Others**

The NRC shall further:-

- (a) report its activities, including how it has discharged its responsibilities, to the Board on a regular basis and promptly provide to the Board copies of the minutes of meetings of the NRC;
- (b) undertake other duties as requested by the Board from time to time; and
- (c) arrange for periodic reviews of its own performance and, at least annually, review its TOR to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

## **5. COMMITTEE AUTHORITY**

The NRC is authorised by the Board to review any activity within its TOR. The NRC is authorised to seek any information it may require from any Director or member of Management and it has full and unrestricted access to any information pertaining to the Group.

The NRC shall obtain external professional advice and secure the attendance of outsiders with the relevant experience if deemed necessary, the expense of which will be borne by the Company.

## **6. COMMITTEE PROCEDURES**

### **6.1 Frequency of Meetings**

The NRC shall meet at least two times a year, and additional meetings may be called at any time, at the discretion of the NRC.

## 6.2 Calling of Meeting

- (a) Meetings of NRC shall be called by the Secretary at the request of the NRC Chairman or any member of NRC.
- (b) The NRC meeting may be held at two or more venues within or outside Malaysia using any technology that enable the NRC members as a whole to participate for the entire duration of the meeting, and that all information and documents for the meeting must be made available to all members prior to or at the meeting. The technology to be used for the purpose of this paragraph must enable each NRC member taking part in the meeting to communicate simultaneously with each of the other NRC members and may include telephone, video conferencing, or any other audio and/or visual device which permits instantaneous communication. Minutes of the proceedings of such meeting shall be conclusive evidence of the proceedings to which it relates.

## 6.3 Notice

The Secretary, in consultation with the Chairman of NRC, shall draw up an agenda of the meeting. Unless otherwise agreed, notice for calling the NRC meeting shall be given to all its members at least five business days before the meeting or at shorter notice as the NRC shall determine. An agenda of items to be discussed together with its supporting papers shall be sent to the NRC and other attendees as appropriate, at the same time. The notice of each meeting shall be served to the members of NRC either personally or by fax, email, post, courier or any other electronic means provided by the NRC members.

## 6.4 Quorum

The quorum for the NRC meeting shall be two (2), the majority members present must be Independent Directors.

## 6.5 Virtual Meeting

A virtual meeting shall be deemed to constitute an NRC meeting provided the following conditions are met:

- (a) all the NRC members for the time being entitled to receive notice of the NRC meeting shall be entitled to receive notice of a virtual meeting. Notice of any such meeting shall be given by an appropriate form of technology (or in such other manner) as may be permitted by the Constitution of the Company; and
- (b) NRC members may not leave a virtual meeting by disconnecting from the technology used unless he/she has previously expressly notified the Chairman of his/her intention to leave the meeting and an NRC member shall be conclusively presumed to have been present and to have formed



part of the quorum at all times during such a meeting until such notified time of his/her leaving the meeting.

The main venue of the NRC meeting shall be the place where the Chairman is present at the NRC meeting.

## **6.6 Attendance**

The MD/CEO, the Head of Strategic Human Capital Management (or its equivalent) and the Head of Group Legal and Governance (or its equivalent) will be invited to attend NRC meetings. Other Board members, employees or representatives of service providers may attend meetings upon the invitation of the NRC as and when required.

## **6.7 Attendance at General Meetings**

The NRC Chairman should attend the Annual General Meeting (including extraordinary general meetings) to answer any shareholder questions on the committee's activities, in particular on areas pertaining to proposed resolutions for shareholders to consider on the appointment or re-appointment of Directors.

## **6.8 Voting**

A resolution put to a vote at the meeting shall be decided by a majority of the votes. In the case of an equality of votes, the Chairman shall be entitled to a second or casting vote except where two (2) members form a quorum, the chairperson of a meeting at which only such a quorum is present, or at which only two (2) members are competent to vote on the question at issue shall not have a casting vote<sup>9</sup> and such matters shall be referred to the Board for decision.

A member of the NRC who has an interest or is involved directly or indirectly in any matter under consideration by the meeting, shall abstain from deliberating and voting.

## **6.9 Minutes of Meetings**

The Secretary shall minute the proceedings and resolutions of all NRC meetings, including the names of those present and in attendance. The draft minutes of NRC meetings shall be circulated promptly to all members of the NRC.

---

<sup>9</sup> Clause 102(7) of the Constitution

The minutes of each meeting shall be signed by the Chairman of the meeting at which the proceedings were held and kept as part of the statutory record of the Company. The minutes of each meeting shall be tabled to the Board for notation.

The minutes shall be kept by the Company at the Registered Office and/or the principal place of business in Malaysia of the Company and shall be open to the inspection of any member of the NRC without charge.

## **6.10 Written Resolution**

A written resolution signed or approved by letter or telefax or facsimile, email or other electronic means by a majority of the members of the NRC shall be valid and effectual as if it had been passed at a meeting of the NRC duly called, convened, held and constituted. The resolution may be executed in any number of counterparts, each signed by one or more members, all of which taken together and when delivered to the Secretary of the NRC shall constitute one and the same resolution. Such document may be accepted as sufficiently signed by a member of NRC if it is transmitted to the Company by facsimile or other electrical or digital written message, which include a signature of the said member of NRC.

## **6.11 Declaring Conflict of Interest**

NRC members should proactively declare at the outset of each meeting or at such earliest opportunity practicable, any potential conflict of interest (“COI”) relating to the affairs of the NRC. Such disclosure may be verbal due to time constraints but should be followed by a formal declaration of COI pursuant to the Company’s Conflict of Interest Policy.

Depending on the nature, extent and potential duration of the COI situation, the Chairman of the NRC or the non-conflicted members shall determine an appropriate course of action which may include requiring the conflicted member to abstain from deliberation and decision making. All declarations of COI and the measures taken to manage the COI shall also be tabled to the AC for further review and assessment, and thereafter reported to the Board.

## **6.12 Reporting**

The NRC, through its Chairman, shall report a summary of significant matters to the Board at the next Board meeting after each NRC meeting. When presenting any recommendations to the Board for approval, the NRC will provide such background and supporting information as may be necessary for the Board to make an informed decision.

## **7. ANNUAL EVALUATION PROCESS**

The NRC shall annually perform a review and evaluation of its performance to ensure that it is meeting its responsibilities as set forth in this TOR. Findings from this review and evaluation process shall be presented to the Board for consideration and notation.

The review should specifically include consideration of the following:-

- (a) Frequency and timeliness of NRC meetings.
- (b) Adequacy and quality of information and materials provided to the NRC.
- (c) Effectiveness of the NRC in carrying out the duties as set out in this TOR.
- (d) Contribution of each individual NRC member.
- (e) Appropriateness and adequacy of this TOR.

The annual review of this TOR should be a robust process, reflecting changes to the Company's circumstances and any new regulations that may impact upon the NRC's responsibilities. Upon review, the NRC shall recommend to the Board such changes to its TOR as it deems appropriate.

- End -

Last updated 28<sup>th</sup> February 2024