

United Malacca Berhad

(Company No. 1319-V)

NOMINATION AND REMUNERATION COMMITTEE

TERMS OF REFERENCE

1. COMPOSITION

1.1 Committee

- (i) The Nomination Committee and Remuneration Committee were merged by the Board of Directors of the Company (“Board”) into one single committee, and re-named the Nomination and Remuneration Committee (“NRC”) effective 1 July 2017.
- (ii) The rationale for the merger is to enhance the efficiency of the NRC in discharging its duties and responsibilities.

1.2 Composition

- (i) The NRC shall be appointed by the Board from among Board members and shall comprise exclusively of Non-Executive Directors of the Company, a majority of whom must be independent.
- (ii) The number of NRC members shall not be less than three (3) and not more than five (5).
- (iii) Based on the NRC’s recommendation, the Board shall elect a chairperson from among the NRC members who shall be an Independent Non-Executive Director or Senior Independent Non-Executive Director of the Company.
- (iv) A Chairperson or member of NRC automatically ceases if he/she ceases to be a member of the NRC if he/she ceases to be a Director of the Company.
- (v) In the event of any vacancy in the NRC, resulting in the number falling below the minimum number fixed under Paragraph 1.2(ii), the Board shall fill the vacancy within 3 months from the date of occurrence of the event.

2. OBJECTIVE

2.1 The NRC shall assist the Board on the following matters:

2.1.1 Nomination Matters

- (i) To establish a policy on Board composition in the Company having regard to the mix of skills, knowledge, varied experience, diversity (including gender diversity), background, integrity, competence, time commitment and independence in order to meet the operational objectives, strategic goals and business requirements of the Company and its subsidiaries (“Group”).
- (ii) To establish and undertake a formal and transparent process for the nomination and election of the Directors as well as nomination of Chief Executive Officer together with the criteria used for the selection.
- (iii) To formalise a formal and objective annual evaluation process for the assessment of the performance and effectiveness of the Board, Board Committees, individual Directors, Chief Executive Officer and independence of the Independent Non-Executive Directors together with the criteria used for the assessment.
- (iv) To establish and undertake a formal and transparent process for nomination and appointment of senior management staff, who shall be primarily responsible for, running the Group’s business operations, management of corporate and financial affairs and who shall report directly to the Chief Executive Officer (“Senior Management”) to assist the Board in meeting the operational objectives, strategic goals and business requirements of the Group.
- (v) To formalise a formal and objective annual evaluation process to review the performance of Senior Management.

2.1.2 Remuneration Matters

- (i) To establish policy framework and procedures for the remuneration of Executive and Non-Executive Directors, Chief Executive Officer and Senior Management of the Group with the objective of encouraging high performance by recommending remuneration policies that link rewards to corporate and individual performance, skills and experience, as well as the strategic and long-term objectives of the Group.

- (ii) To implement the policy framework and procedures regarding remuneration, including reviewing and recommending matters relating to the remuneration of the Directors, Chief Executive Officer and Senior Management.

2.2 It shall be noted that overall responsibility for decision or recommendations taken by the NRC in respect of the above matters rests with the Board as a whole.

3. FUNCTIONS

NRC shall perform the following functions that have been delegated by the Board and make recommendations to the Board for consideration, as and when necessary:

3.1 Nomination Matters

3.1.1 Policy on Board composition

- (i) To ensure the selection of the Board's candidates meets the following principles and other criteria as specified in paragraph 3.1.1(ii):
 - (a) The Board shall comprise a majority of Malaysian citizens or permanent residents of Malaysia;
 - (b) At least half of the Board shall comprise Independent Non-Executive Directors to reflect the interests of minority shareholders of the Company;
 - (c) To maintain at least 30% women Directors in line with the country's aspirational target of 30% representation of women Directors.
 - (d) To attain an optimal mix of members of the Board with the collective experience and expertise to assist and guide the Company in achieving its business objectives.
- (ii) To ensure the appointment of each Director, Chief Executive Officer and Senior Management of the Group are based on objective criteria and with due regard for diversity in skills, character, experience, age, cultural background and gender, as well as integrity, competence and time to effectively discharge his/her role as a Director, Chief Executive Officer and Senior Management.

- (iii) To ensure all Directors fulfill the requirements set out in the Companies Act 2016 (“CA 2016”) and Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“MMLR”) before appointment and to ensure they are not disqualified under Section 198 of CA 2016 and Paragraph 15.05 of the MMLR.

3.1.2 Selection process

- (i) To identify and review all nominations received from the Board, any Director, Chief Executive Officer or Senior Management, and within the bounds of practicability, from any Director or any shareholders of the Company, for appointments to the Board, Board Committees, Chief Executive Officer and Senior Management.
- (ii) To review candidates identified by independent sources when the Board utilises independent sources to identify suitably qualified candidates.
- (iii) Using the criteria in paragraph 3.1.1(ii) to identify candidates to fill vacancies for the Board, Chief Executive Officer and Senior Management as and when needed as well as put in place plans for succession.
- (iv) To ensure orientation and education programmes are provided for new and existing members of the Board (where applicable).
- (v) To recommend Directors, who are retiring by rotation pursuant to the Constitution of the Company, for re-election at every Annual General Meeting of the Company, and ensure all Directors shall retire from office once at least in each three (3) years, but shall be eligible for re-election.

3.1.3 Evaluation and assessment process

- (i) To regularly review the Board’s structure, size, composition and its independence at least once a year and recommend changes to the Board when necessary.
- (ii) To annually review the required mix of skills, experience and other qualities of the Directors (including core competencies which Non-Executive Directors should bring to the Board) and Chief Executive Officer, and make recommendations to the Board for consideration.

- (iii) To annually assess the performance and effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director as well as the Chief Executive Officer and Senior Management.
- (iv) To annually review the terms of office and performance of the Audit Committee and each of its members to determine whether the Audit Committee and its members have carried out their duties in accordance with their terms of reference.
- (v) To annually review whether each Independent Non-Executive Director continues to be independent in character and judgement and acts in the best interests of the Company when discharging his/her duties.
- (vi) In respect of Independent Non-Executive Director who has served the Board beyond a cumulative term of nine (9) years (“Affected Director”), to annually review whether the Affected Director:
 - (a) can act independently of management;
 - (b) would erode the Board’s objectivity due to his/her long tenure and familiarity; and
 - (c) may become a “dependent Director” due to prolonged association as well as attractive remuneration packages and material benefits.
- (vii) To annually assess the training needs of each Director with the aim of assisting the Director in the discharge of his/her duties.
- (viii) To recommend to the Board engaging the services of a professional adviser or consultant as it deems necessary to facilitate objective and candid evaluation of the performance and effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director as well as the Chief Executive Officer.
- (ix) To annually assess professional development needs of the Senior Management to prepare them for advancement within the Group.

3.2 Remuneration Matters

3.2.1 Policies and procedures framework on remuneration

- (i) To annually review the framework of policies and procedures regarding the remuneration of Directors.

- (ii) To recommend fair and transparent remuneration policies and packages for the Chief Executive Officers and Senior Management of the Group to the Board and the board of Directors of the respective subsidiaries for consideration as and when required.
- (iii) To oversee major changes in employee remuneration and benefits throughout the Group.
- (iv) To review policies governing the remuneration and promotion of Senior Management of the Group.
- (v) To recommend to the Board the engagement of a professional adviser or consultant as it deems necessary to ensure that remuneration packages for the Directors, Chief Executive Officer and Senior Management are determined on the basis of the individual's merit, qualification and competence, having regard to the respective company's operating results, the individual's performance and comparable market statistics.

3.2.2 Implementation and review process

- (i) To ensure the remuneration package offered to Directors, Chief Executive Officer and Senior Management is in line with the remuneration framework of the Group.
- (ii) To ensure that performance-related elements of remuneration should form a significant proportion of the total remuneration package for Executive Directors, Chief Executive Officers and Senior Management of the Group and the aforesaid remuneration should be designed to attract, retain and motivate the said Executive Directors, Chief Executive Officers and Senior Management to perform at the highest level and to align their interests with the creation of value for stakeholders.
- (iii) To consider and recommend the fees and other remuneration of the Directors of the Group to the Board and board of directors of the respective subsidiaries.
- (iv) To annually review the remuneration of the Executive Directors, Chief Executive Officer and Senior Management of the Group as set out in their service contracts after taking into consideration:
 - (a) the complexity of the respective company's business and the individual's responsibilities; and

- (b) the business strategy and long-term objectives of the Group.
- (v) To ensure 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 meetings.

4. RIGHTS

Wherever necessary and reasonable for the performance of its duties and in accordance with a procedure to be determined by the Board and/or at the cost of the Company, the NRC may:

- (i) obtain such information as it may require on the remuneration of any Executive Director, Chief Executive Officer or Senior Management of the Group.
- (ii) secure the attendance of any person with the relevant experience and expertise at committee meetings if the NRC considers this appropriate.
- (iii) consider other matters referred to the NRC by the Board.

5. MEETINGS

- 5.1 The NRC shall meet not less than once in every financial year. The Chairperson of the NRC may call additional meeting(s) at any time as and when required at his/her discretion.
- 5.2 The quorum for a meeting shall be two (2) members and at least half of the members present must be Independent Non-Executive Directors.
- 5.3 The NRC may invite any Director, Chief Executive Officer of the Company or its subsidiaries or external advisers to attend any of its meetings as it deems appropriate.
- 5.4 At all meetings of the NRC, the Chairperson of the NRC, if present, shall preside over the meetings. If the Chairperson of the NRC is absent, the members present at the meeting shall elect a Chairman of the meeting among themselves and the elected Chairman shall be an Independent Non-Executive Director.
- 5.5 Whenever the NRC thinks fit, it shall convene a meeting of the NRC, and may adjourn the meeting as it thinks proper.
- 5.6 The NRC may hold a meeting at two (2) or more venues within or outside Malaysia using any technology that gives the NRC members as a whole a reasonable opportunity to participate.

- 5.7 No business is to be transacted at any meeting unless a quorum of members is present at the time when the meeting proceeds to business.
- 5.8 Issues arising at any meeting of the NRC must be determined by a majority of votes of the members present, and in the case of deadlock in votes, the chairperson has a casting vote, except where two (2) members form a quorum, the chairperson of a meeting at which 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.
- 5.9 The NRC shall appoint a Secretary. The Secretary shall be in attendance and keep a record of the proceedings.
- 5.10 Minutes of all meetings shall be circulated to the members of the NRC and to the Chairperson of the Board (if he or she is not a member of the NRC) on a set timeline to be agreed between the Chairperson of the NRC and the Board together with the Secretary. The minutes may also, if the Chairperson of the Committee so decides be circulated to other members of the Board. Provided there is no conflict of interest and with the agreement of the Chairperson, any member of the Board may obtain copies of the NRC's minutes from the Secretary.
- 5.11 The Chairperson of the NRC is required to attend general meetings alongside with other Directors to provide a meaningful response to questions addressed to them during the general meetings.

6. COMMITTEE'S WRITTEN RESOLUTION

- 6.1 Any resolution in writing, signed or assented to by all the members of the NRC, present in Malaysia (not being less than two (2) in number and the majority of members present in Malaysia are Independent Non-Executive Directors) shall be valid and effectual as if it had been passed at a meeting of the NRC duly called and constituted and may consist of several documents in like form each signed by one or more members of the NRC. The expressions "in writing" and "signed" include approval of the members of the NRC on any such document which is transmitted to the Company by any technology including a signature and/or an electronic or digital signature by the said member.

7. AMENDMENT

- 7.1 The provisions herein are subject to such revisions by way of modification, addition or otherwise as the Board may from time to time consider fit.