



Registration No. 201001016854 (900557-M)  
(Incorporated in Malaysia)

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

### **DEFINITIONS**

“BAuto” or “Company”	:	Bermaz Auto Berhad
“Board”	:	Board of Directors of BAuto
“Group”	:	BAuto and its subsidiaries
“Management”	:	Management of BAuto Group
“NRC” or “Committee”	:	Nomination and Remuneration Committee of BAuto
“Key Senior Management”	:	c-suite employees who are not Directors and any other persons whom the Directors shall consider as being the Key Senior Management.

### **1.0 ESTABLISHMENT**

- 1.1 The Nomination Committee and Remuneration Committee were merged into a single committee and named as the Nomination and Remuneration Committee (“NRC” or the “Committee”) with effect from 13 June 2023.
- 1.2 The rationale for the merger is to streamline the functions of these committees as well as to enhance the efficiency and effectiveness of the NRC in discharging its duties and responsibilities.

### **2.0 COMPOSITION**

- 2.1 The Committee member shall be appointed by the Board of Directors of Bermaz Auto Berhad (“Board”) from amongst the Directors and shall have at least three (3) members, all of whom shall be Non-Executive Directors with the majority being Independent Directors.
- 2.2 The appointment of a Committee member terminates when the member ceases to be a Director, or as determined by the Board.
- 2.3 The Chairman of the Committee must be an Independent Non-Executive Director, and where a Senior Independent Non-Executive Director (“SINED”) position exists, the SINED shall assume the position of Chairman of the Committee.
- 2.4 The Chairman of the Board and an alternate Director shall not be appointed as a member of the Committee.

### **3.0 AUTHORITY**

- 3.1 The Committee shall have access to such information and advice, both from within the Group and externally, as it deems necessary or appropriate in accordance with the procedures determined by the Board and at the cost of the Group.
- 3.2 The Committee may request other Directors, members of Management, counsels, consultants as applicable, to participate in Committee meeting(s), as necessary, to carry out the Committee's responsibilities.
- 3.3 The Committee shall be assisted by the Group Head of Human Resource in managing the Group's succession planning for Executive Directors and Key Senior Management.

### **4.0 SCOPE AND FUNCTIONS**

The scope and functions of the Committee shall include, but not limited to, the following:

- 4.1 Nomination and election matters
  - 4.1.1 To determine the criteria for Board membership, including qualities, experience, skills, education and other factors that will best qualify a nominee to serve on the Board;
  - 4.1.2 To review and evaluate annually and recommend to the Board with regard to the structure, size, balance and composition of the Board and Board Committees including the required mix of skills and experience, core competencies which Non-Executive Directors should bring to the Board, diversity and other qualities to function effectively and efficiently and to ensure that the composition of the Board comprises of a majority Independent Directors;
  - 4.1.3 To recommend to the Board, the Board Members to fill the seats on Board Committees, including membership and chairmanship of the Board Committees;
  - 4.1.4 To consider, evaluate and propose to the Board any new board appointment, whether of executive or non-executive position. The proposed candidate may be sourced from existing Board members, the Management, major shareholders, independent search firms and other independent sources. This may include sourcing from a Director's registry and open advertisements or the use of independent search firms. If the selection of candidates are solely based on recommendations from the existing Board members, the Management and/or major shareholders of the Company, the Committee should explain why these source(s) suffice and other sources were not used. In making a recommendation to the Board on the candidate for directorship, the Committee shall consider the relevant selection criteria as follows:

- (1) Specific knowledge, skills, accomplishments and relevant working experience (capability);
- (2) Training and qualifications (competence);
- (3) Time commitment of the candidate;
- (4) Independence and conflicts of interest;
- (5) External directorship of the candidate;
- (6) Probity, integrity and reputation;
- (7) Fitness and propriety;
- (8) Ability to discharge the responsibilities and functions as are expected from them; and
- (9) Other considerations including age, cultural background and gender.

The candidate for Non-Executive Director should be a person of calibre, credibility and have the necessary skill and experience to bring an independent judgement to bear on issues considered by the Board;

The Committee shall also ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 198 of the Companies Act 2016.

Prior to the appointment, the prospective Director shall be required to disclose any business interest or otherwise that arose, persist or may arise, directly and/or indirectly, result in a conflict of interest situation with the Group.

- 4.1.5 To establish and implement processes for assessing the effectiveness of the Board as a whole, the Board Committees as well as the contribution from each Director (including Independent Directors' independence). The tenure of Independent Non-Executive Directors shall not exceed a cumulative term limit of nine (9) years;
- 4.1.6 To identify a Senior Independent Non-Executive Director and recommend to the Board for approval. In considering the candidate for the position of a Senior Independent Non-Executive Director, the Committee shall assess the required knowledge and other qualities such as leadership qualities, expertise and industry or board experience which are necessary for the effective discharge of his/her responsibilities;
- 4.1.7 To review and evaluate on an annual basis:
  - a) the effectiveness of each Director's ability to contribute to the effectiveness of the Board and the relevant Board committees and to provide the necessary feedback to Directors in respect of their performance;
  - b) the effectiveness of the Board committees;
  - c) the effectiveness of the Board as a whole;
  - d) the independence of an Independent Director;
  - e) the term of office and performance of the Audit Committee and each of its members to ensure they carried out their duties in accordance with their Terms of Reference;
  - f) the effectiveness and contribution of Key Senior Management to ensure each of them have effectively discharge his/her role; and

- g) the performance of the Board and Key Senior Management in addressing the Company's material sustainability risks and opportunities.
- 4.1.8 To recommend the outcome of the evaluations and assessments to the Board concerning areas for continuous improvement.
- 4.1.9 To conduct an annual Board evaluation, where required, to be facilitated by a professional, experienced and independent party once in every three (3) years;
- 4.1.10 To recommend to the Board:
- a) the re-election of those Directors who are retiring at an annual general meeting ("AGM") of the Company and to put forward for their re-election for approval at the said AGM; and
  - b) the acceptance of resignation or cessation of services of Director(s) in accordance with the Company's policy or for other reason(s) as may be provided.
- 4.1.11 To review and recommend to the Board the appointment of any Key Senior Management of the Group.
- Prior to the appointment, the prospective Key Senior Management shall be required to disclose any business interest or otherwise that arose, persist or may arise, directly and/or indirectly, result in a conflict of interest situation with the Group.
- 4.1.12 To perform fit and proper assessment on Director(s) of the Group seeking for re-election and/or on person(s) seeking nomination as Director of the Group and/or person(s) being appointed as Key Senior Management of Group based on the fit and proper criteria as set out in the Company's Fit and Proper Policy and making recommendation to the Board of the Company on these matters for its review and decision.
- 4.1.13 To establish an appropriate framework at Board and Key Senior Management level for succession planning and boardroom diversity (including gender diversity);
- 4.1.14 To provide induction training and/or orientation to newly appointed Directors on the Group's overall businesses, structure and management as well as the Board's expectation of their contributions to the Group;
- 4.1.15 To review and assess the training needs for the Directors as part of their continuous development and to aid in the discharge of their duties when requested;
- 4.1.16 To ensure that a statement on its activities in the discharge of its nomination duties for the financial year is included in the Company's annual report.

4.2 Remuneration matters

- 4.2.1 To develop and agree on the remuneration policy and procedures with the Board, including the fee structure and level of remuneration for Executive Directors, Non-Executive Directors and Key Senior Management and to periodically review the policy and procedures. The policy and procedures shall be periodically reviewed and made available on the Company's website.

Executive Directors

- 4.2.2 To review the Executive Directors' goals and objectives and to assess their performance against these objectives as well as contribution to the corporate strategy.
- 4.2.3 To ensure that a strong link is maintained between the level of remuneration and individual performance against agreed targets, the performance-related elements of remuneration setting forming a significant proportion of the total remuneration package of the Executive Directors. The Group Head of Human Resource shall assist the Committee to review and link the remuneration of the Executive Directors and when the need arises.
- 4.2.4 To ensure that the remuneration packages of the Executive Directors is reflective of the current market rates and after taking into account, their merits, qualifications and competences, having regard to the Group's operating results, individual performances and comparable market statistics. This review shall be facilitated by the Group Head of Human Resource.
- 4.2.5 To review and recommend to the Board on the fees, annual salary increment, bonuses/contractual incentive, commission and benefits payable to the Executive Director of the Company including any compensation payable for loss or termination of their office or appointment.

Non-Executive Directors

- 4.2.6 In respect of Non-Executive Directors, to ensure via the Board as a whole that the level of remuneration payable reflects the experiences, level of responsibilities and time commitment undertaken by the Non-Executive Directors concerned.

Key Senior Management

- 4.2.7 To ensure that the remuneration packages of the Key Senior Management commensurate with individual's performance, qualifications, skills and experience, level of responsibility as well as the market benchmarks and is reflective of the current market rates, having regard to the Group's operating results, individual performances and comparable market statistics and including any termination payments to be made. This review shall be facilitated by the Group Head of Human Resource.

- 4.2.8 To produce a report on the details of remuneration of each Director that will form part of the Company or Group's annual report and accounts.
- 4.2.9 To disclose on named basis (if deemed appropriate) the top five (5) senior Management's remuneration components, which include salary, bonus, benefits-in-kind and other emoluments in the bands of RM50,000 on an aggregate basis.
- 4.3 **Employees' Share Scheme ("ESS") and its ByLaws**
  - 4.3.1 To administer the ESS in accordance with its ByLaws as approved by the shareholders of the Company and the Committee may correct any defect, omission, or reconcile any inconsistency in the ESS or in any agreement providing for an option plan or share grant plan in a manner and to the extent it is deemed necessary to implement, expedite and make the ESS fully effective.
  - 4.3.2 To determine all questions of policy and expediency that may arise in the administration of the ESS and generally exercise such powers and perform such acts deemed necessary or expedient to promote the best interests of the Company.
  - 4.3.3 To recommend the appointment of the ESS Working Committee members to implement and administer the ESS for and on behalf of the Committee to the Board for approval.
  - 4.3.4 To provide oversight and guidance, if required, to the ESS Working Committee in implementation and administration of the ESS in accordance with its ByLaws.
  - 4.3.5 To review and recommend to the Board, any proposals by the ESS Working Committee for approval.
- 4.4 To review the relevant statements for inclusion in the Company's Annual Report, including the Corporate Governance Overview Statement, the Nomination and Remuneration Committee Report and other relevant statements.
- 4.5 To review and assess the adequacy of the Terms of Reference of the Committee from time to time whenever deemed necessary for approval by the Board.
- 4.6 To consider other matters as may be referred to the Committee by the Board.
- 4.7 No members of the Committee shall participate in any discussion or decision of their own nomination and remuneration.

## **5.0 FREQUENCY AND ATTENDANCE**

- 5.1 The Committee shall meet at least twice a year and on additional meeting(s) as and when required.

- 5.2 The quorum for a meeting of the Committee shall be at least two (2) members, of which one shall be an Independent Director. In the absence of the Chairman of the Committee, the members present shall elect one (1) of their numbers to chair the meeting.
- 5.3 Matters arising at any meeting shall be decided by a majority vote, each member having one (1) vote. In the event of equality of votes, the Chairman of the meeting shall have a casting vote. However, the Chairman of the meeting shall not have a casting vote if only two (2) members are present or when only two (2) members are eligible to vote. The question in issue shall be tabled at the next meeting of the Committee or referred to the Board of the Company, whichever is more expedient.
- 5.4 The meetings of the Committee may be conducted by means of telephone conferencing or other methods of simultaneous communication by electronic or telegraphic means and the minutes of such a meeting signed by the Chairman of the meeting shall be conclusive of any meeting conducted as aforesaid.
- 5.5 A resolution in writing signed or approved by letter, facsimile or electronic communication by a majority of members shall be effective for all purposes as if it were a resolution passed at a meeting of the Committee duly convened, held and constituted. Any such resolution may consist of a single document or several documents all in like form each signed by one or more members. All such resolutions shall be recorded by the Secretary in the minutes book.
- 5.6 The Secretary of the Committee shall be appointed by the Committee from time to time. The agenda for the Committee meeting(s) shall be determined by the Chairman of the Committee. The Chairman of the Committee may also request the Management to be present at the meeting(s).
- 5.7 Unless otherwise agreed by all members of the Committee for a shorter period, the notice and agenda for meetings shall be circulated at least five (5) business days prior to the date of meeting to all Committee members and to those who are requested to attend.
- 5.8 Proceedings at meeting shall be properly documented and minutes of meeting to be approved by the Chairman of the meeting or by the Chairman of the next succeeding meeting. Upon approval by the Chairman of the meeting, it shall be conclusive evidence without any further proof of the facts thereon and the minutes of meeting shall then be circulated to the Board. The Management shall be provided with the minutes and list of matters arising for follow up on key actions required.
- 5.9 The Chairman of the Committee shall report to the Board at the next Board meeting following the Committee meeting. Relevant information and supporting documents (if any) shall be provided to the Board for them to have an informed decision and to facilitate making the relevant disclosures and/or announcements to the authorities, where appropriate.

- 5.10 The Committee shall be present at the Annual General Meetings of the Company to assist in responding to any question that may be posed to them by the shareholders.

## **6.0 REVIEW OF THE TERMS OF REFERENCE**

The foregoing Terms of Reference will be amended and modified from time to time in line with any changes in relevant legislation, codes or regulations (in so far as they are applicable to this Terms of Reference and are mandatory), and all such amendments and modifications shall be deemed incorporated without the requirement for further approvals from the Committee and the Board. The Committee and the Board shall thereafter be duly informed of such amendments and modifications. A copy of the Terms of Reference of the Committee is available on the Company's website at [www.bauto.com.my](http://www.bauto.com.my).

The previous Terms of Reference was last reviewed and approved by the Board on 12 June 2023.

This Terms of Reference was reviewed and approved by the Board on **12 December 2023**.