



KHIND HOLDINGS BERHAD
REGISTRATION NO.: 199601007964 (380310-D)
(Incorporated in Malaysia)

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

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A. COMPOSITION OF THE NRC

- (1) The NRC shall be appointed by the Board of Directors of the Company (“Board”) and shall consist of not less than three (3) members comprising exclusively of Non-Executive Directors, a majority of whom must be independent.
- (2) The members of the NRC shall elect a Chairman among themselves. The Chairman of the NRC shall be an Independent Non-Executive Director or the Senior Independent Non-Executive Director.
- (3) The Chairman of the Board shall not be a member of the NRC.
- (4) Where the members of the NRC for any reason are reduced to less than three (3), the Board shall, based on the recommendation of the NRC, within three (3) months from the occurrence of the event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

B. SECRETARY

The Company Secretary of the Company or such substitute as appointed by the Board or NRC from time to time shall act as the Secretary of the NRC.

C. DUTIES AND RESPONSIBILITIES OF THE NRC

The duties and responsibilities of the NRC shall include the following:

- (1) **In respect of nomination matters**
 - (a) Ensure that the composition of the Board is refreshed periodically based on the strategies and results of the Board evaluation and performance (including knowledge and skill sets required to perform its oversight role in relation to the sustainability management).
 - (b) Assess and recommend to the Board, Directors to fill the seats on Board Committees.
 - (c) Identify, assess and recommend to the Board, the candidature of new Directors (whether proposed by the Board or nominated the members of the Company).

The NRC may use a variety of approaches and sources to identify the most suitable candidates for board position such as recommendation from existing Board members, Senior Management, major shareholders, sourcing from directors' registry, open advertisements or engaging professional recruitment firms.

In making its recommendations, the NRC shall ensure that the appointment of Directors is based objective criteria and merit, with due regard given to the following in accordance with the criteria outlined in the Directors' Fit & Proper Policy:-

- (i) skills, expertise, experience, age, cultural background and gender to achieve boardroom diversity;
- (ii) professionalism and track record;
- (iii) ability to devote sufficient time commitment to serve the Board effectively;
- (iv) contribution and performance;
- (v) character, integrity, ability to lead by example, competence and reputation;
- (vi) ability to understand financial statements and form a view on the information presented;
- (vii) any conflict or potential conflict of interest, whether the candidate has a business, family or other special relationship within or outside of the Group that could affect the execution of his/her role as Director of the Company;
- (viii) in the case of candidates for the position of Independent Non-Executive Director, the NRC shall evaluate the candidate's ability to discharge his/her duties and responsibilities as are expected from an Independent Non-Executive Director; and
- (ix) such other criteria as may be deemed fit by the NRC.

If the selection of candidates is based on recommendations made by Board members, Senior Management or major shareholders, the NRC shall explain why these sources suffice and other sources were not used.

Any appointment that may cast doubt on the integrity and governance of the Company should be avoided.

- (d) Develop the criteria for assessing the independence of Independent Non-Executive Directors.
- (e) Develop and review the criteria to be used in the annual assessment of the Board, Board Committees and Directors.
- (f) Review the Directors' Fit & Proper Policy, Board's policies and procedures for the selection of Board members.
- (g) Recommend to the Board, the protocol for accepting new directorships.

- (h) Ensure the appointment of Senior Management is based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.
- (i) Review the tenure of each Director annually.
- (j) Review and recommend to the Board whether Directors who are retiring by rotation should be put forward for re-election and ensure the re-election shall be contingent on Directors' Fit & Proper Policy and satisfactory evaluation of the Director's performance and contribution to the Board.
- (k) Review the term of office and performance of all the Board Committees and each of their members annually to determine whether they have carried out their duties in accordance with the respective Terms of Reference.
- (l) Assess annually, the effectiveness of the Board and Board Committees.
- (m) Assess annually, the individual Directors. The annual assessment should include an evaluation of their:
 - (i) will and ability to critically challenge and ask the right questions;
 - (ii) character and integrity in dealing with potential conflict of interest situations;
 - (iii) commitment to serve the Company, due diligence and integrity; and
 - (iv) confidence to stand up for a point of view.
- (n) Review the NRC's own performance annually and present the results of the evaluation to the Board.
- (o) Assist the Board in undertaking an annual assessment of the independence of Independent Non-Executive Directors.

Where there is an Independent Non-Executive Director whose term will exceed/has exceeded the nine (9)-year tenure, the NRC shall justify the recommendation to retain the Independent Non-Executive Director after the ninth (9th) year to the Board for consideration and proposed to seek annual shareholders' approval through a two-tier voting process.

An Independent Non-Executive Director who served for a cumulative period of more than twelve (12) years from the date of his/her first appointment as an independent director must resign or be re-designated as Non-Independent Director in the Company.

- (p) Ensure performance evaluations of the Board and Senior Management include a review of their performance in addressing the Company's material sustainability risks and opportunities.
- (q) Deliberate on matters relating to the continuation in office of any Director at any time, including the suspension or termination of the services of any Executive Director as an employee of the Company or its subsidiaries subject to the provisions of the law and the service contract.
- (r) Establish and ensure there is a plan and diverse pipeline for succession at Board level.
- (s) Ensure that Senior Management has the necessary skills and experience and there are measures in place to provide for orderly succession.
- (t) Facilitate board induction for newly appointed Directors.
- (u) Assist the Board in identifying suitable training programs for Directors to ensure they keep abreast with the developments in the industry and regulatory changes, including sustainability issues relevant to the Group's business.
- (v) Facilitate the establishment and achievement of diversity policies and targets, including gender diversity for Board and Senior Management.

(2) **In respect of remuneration matters**

- (a) Establish remuneration policies and procedures to determine the remuneration of Directors and Senior Management, which take into account the demands, complexities and performance of the Company as well as skills and experience required. The remuneration policies and practices should appropriately be reflective of the different roles and responsibilities of Non-Executive Directors, Executive Directors and Senior Management.
- (b) Review and recommend to the Board the remuneration packages of Directors and Senior Management, taking into consideration the following:-
 - (i) merit, qualification and competence;
 - (ii) the individual's performance;
 - (iii) the individual's roles and responsibilities;
 - (iv) comparable market statistics;
 - (v) fairness of the remuneration package to attract, retain and motivate quality talent;
 - (vi) the Company's operating results;
 - (vii) the complexity of the Group's business;

- (viii) alignment of the remuneration package with the business strategy and long-term objectives of the Company;
 - (xi) the Company's performance in managing material sustainability risks and opportunities; and
 - (x) any other factors deemed fit by the NRC.
 - (c) Review the key performance indicators of the Directors and Senior Management.
 - (d) Review and recommend to the Board the short-term incentive and long-term incentive plans for the Executive Directors and Senior Management.
 - (e) Review and recommend to the Board the compensation payable to Executive Directors and Senior Management in the event of termination of their service contracts by the Company or the Group.
- (3) Consider other matters as may be directed by the Board from time to time.

The remuneration packages of Non-Executive Directors shall be determined by the Board of Directors as a whole and the individuals concerned shall abstain from discussing their own remuneration.

In the event that the remuneration package of a NRC member is to be discussed, the NRC member concerned should abstain from the discussion of his/her own remuneration package.

D. MEETING PROCEDURES

(1) Quorum

In order to form a quorum for the meeting, there shall be at least two (2) members present.

If the Chairman of the NRC is not present within fifteen (15) minutes of the time appointed for holding the same or is unable/unwilling to chair the meeting, the members present shall elect one (1) of their number of whom is an Independent Non-Executive Director to be the Chairman of the meeting.

(2) Frequency of Meetings

The NRC shall meet at least once in each financial year. Additional meetings may be called as and when required.

(3) Notice and Venue

The Secretary, with the concurrence of the Chairman of the NRC, shall be responsible for drawing up and circulating the agenda and the notice of NRC meetings.

The notice of the NRC meetings and meeting materials shall be circulated at least five (5) business days (or a shorter period where it is unavoidable) before each meeting to members of the NRC.

The notice of every meeting shall be given in writing and served to the NRC members either personally or by email, fax, e-mail, post, courier to his/her address in the Register of Directors or to the address provided by the NRC members, as the case may be.

A NRC meeting may be held at two (2) or more venues within or outside Malaysia using any technology that enables all NRC members as a whole to participate for the entire duration of 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, television, video conferencing, or any other audio and/or visual device which permits instantaneous communication.

A virtual NRC meeting shall be deemed to be constituted provided the following conditions are met:-

- (a) all 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) a NRC member may not leave a virtual meeting by disconnecting from the technology used unless he/she has previously expressly notified the Chairman of the meeting of his/her intention to leave the meeting and a 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 meeting shall be the place where the Chairman is present or the Chairman of the meeting is present, if the meeting is not chaired by the Chairman.

(4) Voting

Each member of the NRC is entitled to one (1) vote in deciding the matters deliberated in the meeting.

Questions arising at any meeting of the NRC must be determined by a majority of votes of the members present, and in the case of an equality of votes, the Chairman has a second or casting vote. The Chairman shall not have a second

or casting vote when only two (2) members (one of whom is the Chairman) form a quorum or when only two (2) members are competent to vote on the question at issue.

A NRC member shall abstain from discussion or deliberations or excuse himself/herself from the meeting during discussion or deliberations of any matter which gives rise to an actual or perceived conflict of interest situation for the NRC member.

(5) Attendance at meetings

The NRC may extend an invitation to other Board members and Management to attend meetings as it deems necessary.

E. KEEPING AND INSPECTION OF MINUTES

- (1) The Company shall cause minutes of all proceedings of the NRC meetings to be entered in books kept for that purpose.
- (2) The minutes of the proceedings of meetings including virtual meetings shall be sufficient evidence of such proceeding and of the observance of all necessary formalities if it is certified as correct by the Chairman of the meeting or the next succeeding meeting. The minutes of all NRC meetings shall be circulated to members of the Board.
- (3) The books containing the minutes of proceedings of the NRC meetings shall be kept at the Registered Office or any other place as may be determined by the Board and shall be open for inspection by any NRC member or Board member.

F. WRITTEN RESOLUTIONS OF THE NRC

- (1) The NRC may pass a resolution by way of a written resolution. A written resolution that is signed by a majority of the NRC members shall be valid and effectual as if it were a resolution duly passed at a NRC meeting duly convened and held.
- (2) Any such document may be accepted as sufficiently signed by a NRC member of the NRC if transmitted to the Company by any technology purporting to include a signature and/or an electronic or digital signature by the NRC member and may consist of several documents in like form, each signed by one (1) or more NRC members.

G. POWER AND AUTHORITY OF THE NRC

The NRC is authorised by the Board to:-

- (a) have the resources which the NRC requires to perform its duties;
- (b) have full and unrestricted access to any information and documents of the Company or the Group which is required in the discharge of its duties;
- (c) seek external professional advice at the expense of the Company if the NRC considers this necessary in the discharge of its responsibilities and invite persons with relevant expertise and knowledge to attend its meetings where deemed necessary; and
- (d) have access to advice and services of the Company Secretary.

H. REPORTING AND OPERATION OF THE NRC

- (1) The Chairman of the NRC shall report formally to the Board on its proceedings after each NRC meeting on all matters within its duties and responsibilities and present the recommendations of the NRC to the Board accordingly.
- (2) All assessments and evaluations carried out by the NRC in the discharge of all its functions shall be properly documented.
- (3) The NRC shall provide and review relevant information to assist the Board in making the required disclosures in the Annual Report (including a statement about the activities of the NRC in the discharge of its duties for the financial year) and Corporate Governance Report.
- (4) The NRC shall review this Terms of Reference periodically in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's duties and responsibilities and recommend any changes it considers necessary to the Board.

The Terms of Reference shall be made available on the Company's website at www.khind.com.my.

This Terms of Reference for NRC was last reviewed on 22 February 2024.