



# **MISC BERHAD**

## **Board Nomination & Remuneration Committee**

### **Terms of Reference**

**REVISED ON 1 MAY 2023**

## **1. ESTABLISHMENT**

1.1 The Nomination Committee (“NC”) and Remuneration Committee (“RC”) were established by the MISC Board of Directors (the “Board”) as Board Committees on 6 May 2011. Effective 1 January 2013, the NC and RC were combined and became the Nomination and Remuneration Committee (“NRC” or the “Committee”).

On 1 May 2023, the NRC was further renamed as the Board Nomination & Remuneration Committee (“BNRC”) to streamline the naming convention with the rest of MISC Board Committees.

## **2. COMPOSITION**

2.1 The BNRC members shall be appointed by the Board from amongst its members or such other persons as the Board thinks fit and shall comprise a Chairman and at least two (2) other members. The Chairman of the Board shall not be a member of the BNRC.

2.2 A majority of the members of the BNRC shall be Independent Directors and shall all be composed of Non-Executive Directors.

2.3 No Alternate Director can be appointed as a member of the BNRC.

2.4 If a member is unable to act due to absence, illness or any other cause, the BNRC Chairman may appoint another Director of the Company to serve as an alternate member having due regard to maintaining the required balance of executive and independent non-executive members.

## **3. CHAIRMAN**

3.1 The Board shall appoint a Chairman of the BNRC from among the Board members who are Independent Directors. Should the Chairman be absent from any meeting, one of the members who shall be an Independent Director shall be elected as Chairman by the BNRC members.

#### **4. MEETINGS**

- 4.1 The BNRC shall meet not less than twice in a year and at such other times as the Committee Chairman shall require. The presence of two (2) Directors which includes one (1) Independent Director shall form a quorum for the Committee meetings.
- 4.2 The proceedings of the BNRC meetings shall be recorded and maintained by the Secretary to the BNRC. The Company Secretary of MISC Berhad or any other person appointed by the BNRC shall be the Secretary to the BNRC.
- 4.3 The attendance of other Directors and employees at any particular BNRC meeting shall only be at the BNRC's invitation, specific to the relevant meeting.

#### **5. AUTHORITY**

The BNRC is empowered by the Board with the following authority to execute any matters within its terms of reference ("TOR") at the cost to be borne by MISC:

- 5.1 Full and unrestricted access to resources and information which are required to perform its functions. This includes authority to seek information from any employees of the Group. Employees subjected to such request may be directed by the BNRC to co-operate with the request;
- 5.2 Right to obtain independent professional advice or other advice. The BNRC may also invite external independent professionals to its meetings if it deems necessary; and
- 5.3 Right to review its TOR and to recommend amendments, revisions and updates thereto, where necessary in line with changes to the relevant laws, the prevailing corporate governance best practices or other regulatory requirements, to the Board for approval.

## 6. FUNCTIONS

### 6.1 NOMINATION MATTERS

6.1.1 The Committee's primary responsibility is to propose, consider and recommend to the Board, suitable candidates for appointment as Directors by considering the following factors:

- skills, knowledge, expertise and experience;
- professionalism;
- integrity; and
- in the case of candidates for the position of Senior and/or Independent Non-Executive Directors, the Committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from them.

6.1.2 The Committee shall also take into account diversity in addressing Board and Senior Management composition.

6.1.3 The Committee should consider, in making its recommendations, candidates for directorships proposed by any Director, major shareholder and senior executive of the Company or independent sources, within the bounds of practicability.

6.1.4 The Committee should review the disclosures required to be made in the Company's annual report in relation to matters required by the relevant laws and the prevailing corporate governance best practices.

6.1.5 The Committee should recommend to the Board, Directors to fill the seats on Board Committees.

6.1.6 The Committee shall review the term of office and performance of the Board Audit Committee ("BAC") annually to determine whether the BAC has carried out its functions in accordance with its Terms of Reference.

6.1.7 The Committee's other functions are as follows:

- a) To make appropriate recommendations to the Board on matters of renewal or extension of Directors appointment and reappointment of retiring Directors.
- b) To make appropriate recommendations to the Board for the appointment or renewal of contracts of employment of the President / Group CEO and/or Senior Management of the Company.
- c) To annually review the Board's required mix of skills and experience and other qualities, including core competencies, which Non-Executive Directors should bring to the Board.
- d) To implement a process for assessing the effectiveness of the Board as a whole, the Board Committees and also the contribution of each individual director to the effective decision making of the Board, through an evaluation process. All assessments and evaluations carried out by the Committee in the discharge of all its functions should be properly documented.
- e) To review and implement the training and development needs of Directors to ensure that Directors' training programmes are tailored to requirements of the Directors and the Company.

## **6.2 REMUNERATION MATTERS**

6.2.1 The Committee's primary responsibility is to consider and recommend to the Board, and to support the Board's responsibility in respect of, the remuneration policy for Directors, Senior Management and employees of the Company, as follows:

- a) To review and recommend to the Board the remuneration and/or compensation package of Executive Directors and the President / Group CEO of the Company.

- b) To review and recommend to the Board the remuneration of Non-Executive Directors.
  
- c) To review and recommend to the Board the remuneration and compensation package of the Senior Management of the Company.
  
- d) To recommend to the Board the annual salary increment, company bonus, merit bonus quantum and adjustments to the salary bands for the Company.

**6.3** Consider any other relevant matters as determined by the Board.