

**ZECON BERHAD**  
(Company No. 134463-X)  
(Incorporated in Malaysia)

**REMUNERATION & NOMINATION COMMITTEE**

**TERMS OF REFERENCE**

The Nomination and Remuneration Committee was formed on 24 May 2001 vide a resolution passed at the Board of Director's Meeting 24 May 2001. Subsequently, the Nomination & Remuneration Committee was combined into one named "**Remuneration & Nomination Committee**" on 27 February 2002 ("hereinafter referred as "the RNC" or "the Committee").

The Terms of Reference of the RNC are as follows: -

**1. Composition**

- (a) The Committee shall be appointed by the Board of Directors of Zecon Berhad ("the Board") amongst its directors. The Committee must be composed of not fewer than three (3) members. All the Committee members must be Non-Executive Directors, with a majority of them being independent directors.
- (b) The members of the Committee shall elect a Chairman among themselves who is an independent director. The Chair of the Committee should be the senior independent director identified by the Board.
- (c) Where the Members for any reason are reduced to less than three (3), the Board shall within six (6) months of the event, appoint such number of new Members as may be required to make up the number of three (3) Members.
- (d) All Members shall hold office only for so long as they serve as Directors of the Company.
- (e) Members of the Committee may relinquish their membership in the Committee with prior written notice to the Secretary and may continue to serve as Directors of the Company.
- (f) The Secretary of the committee shall be the Company Secretary.

**2. Meeting and Minutes**

- (a) The committee shall meet as and when need arises, provided that the Committee shall meet at least once a year.
- (b) The Chairman of the Committee, or the Secretary on the requisition of the Members, shall at any time summon a meeting of the Members by giving at least three (3) days' notice. In the absence of the Chairman, the members present shall elect one of their members to chair the meeting.
- (c) The Group Managing Director and/or the Deputy Managing Director shall always be invited to attend meetings of the Committee.

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**Terms of Reference of RNC (Cont'd)**

- (d) No business shall be transacted at any meeting of the Committee unless a quorum is present. Each meeting shall have a minimum quorum of two (2) Members of the Committee.
- (e) If within half an hour from the time appointed for the meeting quorum is not present, the meeting shall be dissolved. The meeting shall automatically be adjourned to the same day of the following week at the same time and place, or to such other day and as such other time and place as the Members may determine. If at such adjourned meeting a quorum is not present within 15 minutes from the time appointed for holding the meeting, the meeting shall be dissolved.
- (f) Attendance at a meeting may be by being present in person or by participating in the meeting by means of video or teleconference.
- (g) In the event of equality of votes, the Chairman shall have a casting vote (except where 2 directors form the quorum).
- (h) Directors shall abstain from the deliberation and voting in respect of their remuneration at the Committee level and Board level. However, they may attend the Committee meetings on the invitation of the Chairman of the Committee if their presence is required.
- (i) The Committee may at their discretion and as the need arises, invite one or more persons to attend the meeting.
- (j) Minutes of each shall be kept at the registered office of the Company under the custodian of the Company Secretary. The Minutes shall be opened for the inspection of the Board, external auditor, internal auditor, management and other persons deemed appropriate by the Company Secretary.
- (k) The Committee may deal with matters by way of circular resolution in lieu of convening a formal meeting.
- (l) All recommendations and findings of the committee shall be submitted to the Board for approval. Upon such approval, the Secretary shall distribute to each Member a copy of the said approval.

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### **Terms of Reference of RNC (Cont'd)**

#### **3. Duties**

The responsibilities of the Committee are as follows:-

##### **3.1 Membership to the Board of Directors and Committees**

- 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.
- To review annually and recommend to the Board with regards to the structure size balance and composition of the Board and Committees including the required mix of skills and experience, core competencies which directors should bring to the Board and other qualities to function effectively and efficiently.
- To review annually the Audit Committee members' term 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.
- To consider, evaluate and propose to the Board any new board appointments, whether of executive or non-executive position. In making a recommendation to the Board on the candidate for directorship, the Committee shall have regard to:-
  - i) size, composition, mix of skills, experience, competencies and other qualities of the existing Board, level of commitment, resources and time that the recommended candidate can contribute to the existing Board and the Group; and
  - ii) Non-executive directors should be persons of caliber, credibility and have the necessary skill and experience to bring an independent judgement to bear on issues considered the Board and that independent non-executive directors should make up at least one-third of the membership of the Board.
- To recommend to the Board;
  - i) directors to be members of the Board Committees;
  - ii) whether directors who are retiring by rotation should be put forward for re-election; and
  - iii) termination of membership of individual directors in accordance with policy, for cause or other appropriate reasons.
- To ensure and appropriate framework and plan for Board succession for the Group;
- To establish appropriate plans for succession at Board level.

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- To Annual assessment for the Board of the Company
- To consider other matters as referred to the Committee by the Board.
- To facilitate Board induction and training for newly appointed directors.
- To review training programs for the Board.
- To facilitate achievement of Board gender diversity policies and targets.
- To develop the criteria to assess independency of the directors or relationship develops and evaluate/access its independent directors annually.

### **3.2 Remuneration of Directors and Board Committees**

RNC shall be responsible for the remuneration of Directors of the Group and the Board Committees, amongst others as follows:-

- To establish formal and transparent remuneration policies and procedures to attract and retain directors.
- To recommend the policy and framework for the Directors' remuneration as well as the remuneration and terms of service of Executive Directors;
- To evaluate performance and reward for Executive Directors. Remuneration package for the Executive Directors is formulated to be competitive and realistic, emphasis being placed on performance;
- Designs and implements and evaluation procedure for Executive Directors;
- To ensure performance targets are established to achieve consistency with the interests of shareholders of the company, with an appropriate balance between long and short terms goals;
- To review the individual remuneration packages of the Executive Directors, and to make the appropriate recommendations to the Board.
- The remuneration of the Non-Executive Directors commensurate with the level of responsibilities undertaken by them and is for the Board as a whole to determine.

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**4. Power of the Committee**

- (a) In general, the Committee shall only put up recommendations to the Board for consideration and approval for implementation.
- (b) In carrying out its duties and responsibilities, the Committee shall have the following powers:
  - (i) full, free and unrestricted access to any information, records, properties and personnel of Zecon Group;
  - (ii) to obtain independent professional advice and expertise necessary for the performance of its duties; and
  - (iii) All Members shall have access to the advice and services of the Company Secretary.

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*Note: The revised Terms of Reference of the RNC was approved by the Board of Directors of Zecon Berhad on 28 February 2017.*