



KUMPULAN PERANGSANG SELANGOR BERHAD

(Registration No:197501002218/23737-K)

**NOMINATION AND REMUNERATION
COMMITTEE
TERMS OF REFERENCE
VERSION 6/2024**

APPROVED BY BOARD
27 August 2024

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1.0 INTRODUCTION

The Nomination and Remuneration Committee ("NRC" or "Committee") Terms of Reference ("TOR") aim to set out the terms of the conduct of the Committee with respect to its delegated responsibilities to assist the Board of Directors in fulfilling the Board's statutory and fiduciary responsibilities about managing nomination and remuneration matters based on the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

2.0 CONSTITUTION

The Committee was established as a committee of the Kumpulan Perangsang Selangor Berhad ("KPS Berhad") Board by a resolution of the Board and shall be known as the NRC.

3.0 OBJECTIVES

The primary objectives of the Committee are to assist the Board in fulfilling its responsibilities in relation to the nomination and remuneration matters as follows:

A) Nomination Functions

- 3.1 To review and assess the size, composition and diversity of the Board and Board Committees ("BC") of KPS Berhad, including the required mix of skills, knowledge, experience, and other qualities for the Board to function effectively.
- 3.2 To identify, assess and recommend the appointment of the Director to the Board and BC of KPS Berhad and as a Board Representative ("BR") of KPS Berhad in the Board of subsidiaries and/or associates of KPS Berhad.
- 3.3 To identify, assess and recommend the appointment of a Director who is an independent expert with experience and relevant expertise (subject matter expert) as a BR in the subsidiaries and/or associates of KPS Berhad.
- 3.4 To identify, assess and recommend the executive appointment of a Managing Director/Group Chief Executive Officer ("MDGCEO") or Chief Executive Officer ("CEO") of KPS Berhad.
- 3.5 To review and assess the prospective candidates for the Head of Subsidiary ("HOS") position proposed by the Management of KPS Berhad and recommend the appointment of such HOS for the subsidiary's Board approval.
- 3.6 To ensure appropriate evaluation of the Board as a whole, BC, and each individual Director of KPS Berhad on an annual basis or in accordance with the prevailing regulations on Board evaluation.
- 3.7 To ensure orderly succession planning of the Board and Senior Management at KPS Berhad and its subsidiaries ("KPS Berhad Group").

B) Remuneration Functions

- 3.8 To review and recommend to the Board the remuneration framework and packages for the Non-Executive Directors (“NEDs”), including the Non-Executive Chairman and the MD/GCEO or the CEO of KPS Berhad.
- 3.9 To ensure that the MD/GCEO or the CEO (where the CEO is not a director of the Company) of KPS Berhad is fairly rewarded for his/her performance as well as encourage him/her to act in ways that enhance the Company’s long-term profitability, sustainability and value.
- 3.10 To set the policy and/or guidelines on the remuneration framework, including reviewing and making recommendations to the Board on the remuneration of the Directors, Senior Management and Employees of KPS Berhad.
- 3.11 To ensure that the remuneration benefits are determined based on the Directors’ and Senior Management’s merit, qualifications, and competence while considering the Company’s operating results, individual performance, and comparable market statistics.

4.0 COMPOSITION (MEMBERSHIP)

- 4.1 The members of the NRC shall be appointed by the Board from amongst the NEDs of the Company, a majority of whom must be Independent Directors and shall consist of not less than four (4) members.
- 4.2 The Chairman of the NRC shall be either an Independent Director or Senior Independent Director who shall be appointed by the Board.
- 4.3 No alternate Directors of the Board shall be appointed as a member of the Committee.

5.0 AUTHORITY

- 5.1 The NRC is authorised by the Board to review, assess and recommend to the Board any matters within its TOR.
- 5.2 The NRC is authorised by the Board to obtain independent professional advice, as deemed necessary, to assist the NRC or any individual member of the NRC in the proper discharge of its roles, responsibilities, and duties at the expense of the Company.
- 5.3 The NRC has full and unrestricted access to the Human Resource Development Department and/or Secretarial Department, including, without limitation, its records, properties, and personnel in the Company, to obtain any information relevant to its purpose pertaining to the KPS Berhad.
- 5.4 The NRC members may meet exclusively among themselves whenever deemed necessary.
- 5.5 The NRC shall be assisted by the Management to drive the nomination and remuneration best practices in KPS Berhad.

6.0 ROLES & RESPONSIBILITIES

A) On Nomination Matters

- 6.1 To assess and recommend to the Board suitable candidates for directorships to be filled in the Company by considering the following Board's Appointment Criteria ("Board Appointment Criteria"):
- required skills, knowledge, expertise and experience;
 - time commitment, character, professionalism and integrity;
 - ability to work cohesively with other members of the Board;
 - specialist knowledge or technical skills in line with KPS Berhad Group's strategy;
 - diversity of age, gender and experience/background;
 - number of Directorships in companies outside the KPS Berhad Group, including Boards of non-listed companies; and
 - in the case of candidates for the position of independent non-executive directors, the NRC should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from an INED.

The NRC shall also consider and recommend to the Board a composition that complies with the regulation set out in the MMLR of the Bursa Securities, Companies Act 2016 ("CA2016") and the Company's Constitution.

- 6.2 To consider in making its recommendations, candidates for directorship proposed by or sourced from the Directors, Shareholders, MD/GCEO and, within the bounds of practicability, by any other Senior Management and independent search firms.
- 6.3 To identify and assess the prospective candidates with experience and relevant expertise and make recommendations to the Board of KPS Berhad for the appointment of a BR in the subsidiaries and/or associates of KPS Berhad.
- 6.4 To identify and assess prospective independent non-interested candidates with experience and relevant expertise and thereafter make recommendations for appointment as director of the subsidiary for the subsidiary's board approval.
- 6.5 To identify and assess the prospective candidates for the executive appointments of the MD/GCEO or CEO of KPS Berhad and recommend to the Board for approval.
- 6.6 The NRC shall review and make recommendations to the Board concerning matters relating to:
- a) Establishing Company Corporate Key Initiatives ("CKIs") and setting targets linked to business strategy.
 - b) Establishing Key Performance Indicators ("KPIs") to drive organisational performance and setting targets for the MD/GCEO or CEO of KPS Berhad.

- 6.7 To develop criteria and oversee the annual Board evaluation ("ABE") with the appropriate criteria on the effectiveness of the Board as a whole, the BC, each individual Director and Independence Assessment of Independent Directors ("IDs") and MD/GCEO of KPS Berhad.
- 6.8 To review the term of office, the performance of the Board Audit Committee ("BAC") and assessment of BAC members' knowledge of financial literacy annually to determine whether such BAC and members have carried out their duties in accordance with their terms of reference, in line with Paragraph 15.20 of MMLR of Bursa Securities.
- 6.9 To review the Board Appointment Criteria from time to time in line with KPS Berhad Group's strategy and regulatory requirements and thereafter recommend to the Board for approval.
- 6.10 To review and assess the performance and contributions of Directors who stand for re-election and whether they meet established performance evaluation criteria set out in the ABE framework and thereafter recommend to the Board for approval.
- 6.11 To develop and review the criteria to assess the independence of IDs.
- 6.12 To facilitate the achievement of Board gender diversity policies and targets.
- 6.13 To facilitate the Board induction program and mandatory training for newly appointed Directors.
- 6.14 To review and monitor the training development program for the Board.
- 6.15 To review and ensure orderly succession planning for the Board and BC and thereafter to recommend to the Board for approval.
- 6.16 To review and ensure orderly succession planning of MD/GCEO or CEO, Talent Management, Succession Planning framework & policy at the KPS Berhad Group, which will serve as guiding principle for the subsidiaries. The key duties are as follows:
 - a) To identify high potential and selected talents for C Level positions.
 - b) To approve specific development interventions of selected talent.
 - c) To ensure follow-through on the development agenda of each talent.
 - d) To review progress, new assignments, and hiring external expertise to recalibrate development activities to address capability needs for optimum results.
- 6.17 To review and assess the prospective candidates for the HOS position as proposed by the Management of KPS Berhad and recommend the appointment of HOS for the subsidiary board's approval and thereafter to notify the Board of KPS Berhad.

B) On Remuneration Matters

- 6.18 To review, assess and recommend to the Board the remuneration of the Board, BC and BR on the functional board of the subsidiaries and/or associates of KPS Berhad.
- 6.19 To review, assess and recommend to the Board on the MD/GCEO or CEO of KPS Berhad remuneration, salary increment, performance bonus and compensation.
- 6.20 To review, assess and recommend to the Board suitable short and long-term policies and performance-related incentive schemes for the Company.
- 6.21 To review, assess and recommend to the Board the staff annual salary increment pool and performance bonus pool with respect to each financial year.
- 6.22 To review and recommend to the Board KPS Berhad's remuneration policies and framework for the Board and employees are in line with the market practice.

7 THE SECRETARY OF THE COMMITTEE

- 7.1 The Company Secretary shall be the Secretary of the NRC.
- 7.2 The Secretary of the NRC, or, with the approval of the NRC, a representative of the Company Secretary, shall be present to record proceedings of the NRC meetings.
- 7.3 The Company Secretary shall be responsible for the preparation of the agenda of the meeting in consultation with the Chairman of NRC or the MD/GCEO and distribution of the meeting papers progressively to all the members at least five (5) business days before NRC meetings.
- 7.4 Ensuring proceedings of meetings are minuted and circulated to the NRC in a timely manner.

8 MEETING AND QUORUM

- 8.1 The Meetings shall be held at least three (3) times a year. A member may at any time and the Secretary shall, on the requisition of a member, convene a meeting of the NRC.
- 8.2 Any three (3) members present shall constitute a quorum.
- 8.3 The NRC meetings shall normally be conducted face-to-face to enable effective discussion. However, the NRC may also be conducted via telephone conferencing, video conferencing, or other appropriate means as determined by the NRC.
- 8.4 At all meetings of the NRC, the Chairman of the Committee, if present, shall preside over the meeting. In the absence of the Chairman, the members present at the meeting shall elect a Chairman of the meeting, who shall be an Independent Director.

- 8.5 All resolutions/issues/matters tabled at any meeting of NRC that require a decision by NRC shall be decided by a majority of votes of all members present.
- 8.6 In the case of an equality of votes, the Chairman of the meeting shall have a second or casting vote.
- 8.7 Any resolution in writing, signed or assented to by all the members of the Committee, shall be as valid and effectual as if it had been passed at a meeting of the Committee duly convened and held.
- 8.8 Any resolution in writing, signed or assented to by all the members of the Committee shall be as valid and effectual as if it had been passed at a meeting of the Committee duly convened and held and may consist of several documents in the like form, each signed by one or more members of the Committee.
- 8.9 Any NRC member and invited participants with conflicting interests shall abstain from discussion and participating in decisions or voting on the related matter, excusing himself or herself from the meeting during discussions or deliberations of any matter in which he or she has an interest.
- 8.10 The Chairman of the NRC shall exercise the right to request those who are in attendance to leave the room if matters discussed are confidential or the deliberation may be impaired due to the presence of individuals concerned.

9 REPORTING

- 9.1 The NRC shall report to the Board on matters considered and its recommendations thereon, pertaining to the Company through:
 - a) The Chairman of the NRC drawing to the Board's attention any matter of major importance; and
 - b) The Chairman of the NRC updating the Board on the activities undertaken by the NRC.
- 9.2 At the discretion of the Chairman of the NRC and members of the NRC, any relevant matters deemed to be of major importance should be referred to the Board for its attention.

10 ETHICS & PROCEDURES

- 10.1 All members of the NRC shall safeguard all internal communications and treat them as strictly private and confidential and for the use of the NRC members only.
- 10.2 The NRC shall work diligently among the board members and adhere to all applicable laws and regulations, as well as the prescriptions rendered in the Board Charter and Directors' Code of Conduct.

11 REVIEW OF THE TERMS OF REFERENCE

- 11.1 The NRC's TOR shall be reviewed once every three (3) years or as and when changes occur to the MMLR of Bursa Securities, MCCG, or any other regulatory requirements. It shall also be reviewed and updated when the direction or strategies of the KPS Berhad Group change, which may affect the NRC's role.
- 11.2 All amendments to the TOR of the NRC must be approved by the Board. Upon Board's approval, the said revision shall form part of the TOR and the TOR shall be considered as duly revised or amended.