



## **AWANBIRU TECHNOLOGY BERHAD**

[Reg. No. 201001038336 (922260-K)]  
(Incorporated in Malaysia)

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

**Adopted as at 12 September 2023**



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## 1. OBJECTIVE

The Nomination and Remuneration Committee ("**NRC**") is established as a committee of AwanBiru Technology Berhad ("**Awantec**" or "**Company**") to assist the Board of Directors ("**Board**") of Awantec and its subsidiaries ("**Group**") with the following primary objectives:-

### 1.1 Nomination Function

- 1.1.1 To ensure an effective composition of Board members to discharge its stewardship responsibilities, including the appropriateness of non-executive participation.
- 1.1.2 Annually assess the effectiveness of the performance and contribution of the Board as a whole as well as each individual Director, the respective Board Committees and Senior Management<sup>1</sup> of the Company on an on-going basis.
- 1.1.3 To recommend, nominate and screen the new candidate to fill vacancies on the Board, Board Committees and Senior Management or to stand for election as a director for consideration by the Board of the Company to ensure the candidates satisfy the relevant requirements on skill, core competencies and experiences.
- 1.1.4 To ensure there is adequate succession planning for the Group.

### 1.2 Remuneration Function

- 1.2.1 To review and recommend to the Board the remuneration, compensation and benefits packages of the Executive Directors, Non-Executive Directors and Senior Management employees.
- 1.2.2 To set out the policies and procedures on the remuneration framework, including reviewing and recommending to the Board on all elements relating to the remuneration. The remuneration framework must be competitive and consistent with the culture, objectives, strategy and the existing remuneration guidelines and framework of the Group.
- 1.2.3 To ensure that the component parts of remuneration for Executive Directors and Senior Management staff are linked to corporate and individual performance.
- 1.2.4 The component parts of remuneration for Non-Executive Directors are linked to their experience and levels of responsibilities undertaken.

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<sup>1</sup> Defined as Chief Executive Officer, Chief Operating Officer, Chief Business Officer, Chief Technology Officer and Chief Financial Officer/ Group Financial Controller and C-Levels (includes all Heads of Departments).

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## 2. COMPOSITION AND APPOINTMENT

- 2.1 The NRC shall be appointed by the Board from amongst their members and shall consist of not less than three (3) members, exclusively of Non-Executive Directors, a majority of whom must be Independent.
- 2.2 The Chairman or Chairperson of the NRC shall be the Independent Non-Executive Director or Senior Independent Non-Executive Director of the Company.
- 2.3 The members of the NRC shall elect a Chairman or Chairperson from among their number.
- 2.4 No alternate Director shall be appointed as a member of the NRC.
- 2.5 In the event there are vacancies in the NRC that causes non-compliance of the items 2.1, 2.2 and 2.3 above, the vacancy must be filled within three (3) months of the event.
- 2.6 The Board must review the term of office and performance of the NRC and each of its members at least once every three (3) years to determine whether the NRC members have carried out their responsibilities and duties in accordance with the terms of reference.

## 3. RESPONSIBILITIES AND DUTIES

- 3.1 **Responsibilities and duties in relation to nomination matters shall include, but are not limited to the following: -**
  - 3.1.1 To identify, consider and recommend to the Board for approval the competent candidates recommended by the shareholders, existing Board, Management or independent recruitment sources to be appointed as Directors of the Company and its subsidiaries or as key management of the Company, as and when the need arises.
  - 3.1.2 To review training programmes for the Board and facilitate board induction and training programmes.
  - 3.1.3 To recommend to the Board on the establishment of new committees or the dissolution of any existing committees of the Board which no longer serves its purpose.
  - 3.1.4 Review the criteria to be applied for identifying and/or reviewing the candidates for the appointments of members of the Committees and to recommend to the Board to fill the seats on any Board Committees.

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- 3.1.5 Assess and review the size, composition and diversity of the Board and Board Committees of the Company including the required mix of skills, knowledge, experience and other qualities is refreshed periodically, and recommend to the Board its proposal.
  - 3.1.6 To review and develop Board's succession planning and make recommendation to the Board taking into account all factors including the challenges and opportunities facing the Group and the skills and expertise required in the future.
  - 3.1.7 To review the succession planning for the Senior Management.
  - 3.1.8 To develop, maintain and review the criteria to be used in the recruitment process (see **Appendix 1** for criteria set by the Board). The nomination and election process should be disclosed in the Annual Report as appropriate.
  - 3.1.9 To ensure that the appointment directors to the Board and Senior Management are based on objective criteria, merit and with due regard to diversity in skills, experience, age, cultural background and gender.
  - 3.1.10 To establish and review the performance criteria to evaluate the performance of the Board as a whole, Board Committees and individual director.
  - 3.1.11 To ensure that the annual evaluation of the Board, its committees and each individual is carried out (see **Appendix 1** for criteria).
  - 3.1.12 Review the feedback arising from the evaluation of the Board and Board Committees and recommend to the Board action plan for improvement on areas identified in the Board effectiveness evaluation, where applicable.
  - 3.1.13 Review the time commitment required from the Directors.
  - 3.1.14 To review the terms of office and performance of the Audit Committee and each of its members annually to determine whether the Audit Committee and members have carried out their duties in accordance with the Terms of Reference of the Audit Committee.
  - 3.1.15 To establish and review the criteria to evaluate the independency of each of the Independent Directors.
  - 3.1.16 To recommend the re-election or re-appointment of Directors subject for retirement by rotation pursuant to the Company's Constitution or Companies Act 2016 on annual basis at each Annual General Meeting ("**AGM**").
  - 3.1.17 To review the independency of the Independent Director who has served for more than nine (9) years' tenure for continuation in the office as an Independent Director.

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- 3.1.18 To recommend to the Board the gender diversity policies and targets, as well as the measures taken to meet those targets.
- 3.1.19 To ensure that a formal letter of appointment is issued to new Board Members to outline the roles, responsibilities, expected time commitment, Board Committee involvement and expectations of them as a Board Member.
- 3.1.20 To recommend to the Board the removal of Senior Management if they are ineffective and unable to perform their responsibilities.
- 3.1.21 To recommend the engagement of external profession advisors to assist and/or advise the NRC, on selection and succession policy matters, where necessary.
- 3.1.22 In discharging the above responsibilities, the NRC needs to report the following to the Board: -
- i. The effectiveness of the present size of the Board;
  - ii. The effectiveness of the composition of the Board in relation to the mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board, and which should be disclosed in the Annual Report;
  - iii. The existence or potential existence of conflict of interests, of any present directors or any new directors who may be nominated, with the businesses of the Company;
  - iv. The contribution of individual director in relation to the effective decision making of the Board; and
  - v. The continuous education program for Board members to upgrade their skills in enhancing their effective contribution.

**3.2 Responsibilities and duties in relation to remuneration matters shall include, but are not limited to the following: -**

- 3.2.1 To recommend to the Board a competitive compensation and remuneration package for Executive Directors and Senior Management in order to attract and retain outstanding individuals with the skills and experience needed to manage the Company's business successfully.
- 3.2.2 To recommend to the Board a competitive compensation and remuneration package for Non-Executive Directors in order to attract and retain outstanding individuals of integrity, calibre, credibility and who have the necessary skills and experience to bring an independent judgment to bear on the issues of strategy, performance and resources for the success of the Company.

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- 3.2.3 To review the key performance indicators (“KPIs”), performance and recommend the annual compensation and rewards for all Executive Directors and/or Senior Management staff.
  - 3.2.4 To review and propose, if necessary, KPIs of Executive Directors and/or Senior Management for the Board’s approval.
  - 3.2.5 To recommend the engagement of external professional advisors to assist and/or advise the NRC, on remuneration matters, where necessary.
  - 3.2.6 To periodically review the remuneration framework, policies and procedures and ensure alignment of compensation to corporate performance and compensation offered in line with market practice.
  - 3.2.7 In discharging the above responsibilities, the NRC needs to ensure the following: -
    - i. The determination of remuneration packages of Non-Executive Directors, including Non-Executive Chairman should be a matter for the Board as a whole;
    - ii. All Directors should abstain from discussion of their own remuneration; and
    - iii. Directors who are shareholders and controlling shareholders with a nominee or connected director on the Board should abstain from voting on the resolution to approve the Director’s fees at the AGM.

#### **4. AUTHORITY OF THE NOMINATION AND REMUNERATION COMMITTEE**

- 4.1 The NRC with the authorisation by the Board shall, wherever necessary and reasonable to perform its responsibilities and duties, in accordance with a procedure to be determined by the Board and at the cost of the Company to perform the following: -
  - 4.1.1. Have the authority to investigate and review any matter or activity within its terms of reference;
  - 4.1.2. Have the resources or seek any information it may require from any Director or member of Management which are required to perform its duties;
  - 4.1.3. Have full and unrestricted access to any information pertaining to the Company and the Management, and all employees of the Group are required to comply with the requests made by the NRC;
  - 4.1.4. Be able to obtain external professional advice and secure the attendance of outsiders with the relevant experience and expertise if it considers this necessary; and

- 4.1.5. Provide its recommendations to the Board for its consideration and approval.

## **5. MEETINGS**

### **5.1. Frequency**

- 5.1.1. The NRC shall meet at least once in a financial year and at such additional meetings to be convened as and when necessary, as the Chairman or Chairperson of the NRC shall decide, in order to fulfill its duties.
- 5.1.2. By invitation of the NRC, the Company shall ensure that other directors, Management, employees and/or external party can attend the meetings where their attendance is required in relation to a specific meeting.

### **5.2. Quorum**

- 5.2.1. The meeting shall have a quorum of three (3) members, one (1) of whom shall be an Independent Non-Executive Director.
- 5.2.2. In the absence of the Chairman or Chairperson of the NRC, the members present shall elect a Chairman or Chairperson from amongst them to chair the meeting.

### **5.3. Secretary**

- 5.3.1. The Company Secretary or other appropriate senior official shall act as Secretary of the NRC, and shall be responsible, in conjunction with the Chairman or Chairperson of the NRC, for drawing up the agenda and circulating it, supported by explanatory documentation to the members prior to each meeting.

### **5.4. Meeting Minutes**

- 5.4.1. The Company Secretary shall be responsible for keeping the minutes of meetings of the NRC, including the names of those present and in attendance and circulating them to NRC members and to other members of the Board.
- 5.4.2. Minutes shall be distributed to the NRC members and shall be approved by the Chairman or Chairperson of the meeting at which the proceedings are held or by the Chairman or Chairperson of the next succeeding meeting.
- 5.4.3. Relevant members of Management shall be provided with the minutes and Matters Arising for follow up on key actions required.



**5.5. Meeting Mode**

- 5.5.1. All or any meetings of the NRC shall by default be held physically to enable effective and efficient discussion, however in certain circumstances, a meeting may be conducted by teleconference or videoconference or other appropriate means as determined by the NRC.
- 5.5.2. A person so participating is deemed to be present in person at the meeting and shall be counted in quorum accordingly.

**5.6 Voting**

- 5.6.1 All resolutions of the NRC shall be adopted by a simple majority vote, each member having one (1) vote.
- 5.6.2 An NRC member is required to abstain from deliberations and voting in respect of any matter which may give rise to an actual or perceived conflict of interest situation. The nature and extent of conflict of interest must be recorded in the minutes.

**5.7 Decisions by Circular Resolutions**

- 5.7.1. A resolution in writing signed either digitally or by hand or approved by letter, or other written electronic communications by the majority of the members who are sufficient to form a quorum, shall be valid and effectual as if it had been passed at a meeting.
- 5.7.2 All such resolutions shall be forwarded or otherwise delivered to the Company Secretary without delay and shall be recorded by the Company Secretary in the minutes book.
- 5.7.3 Any such resolution may consist of several documents in like form, each signed by one (1) or more members.

**5.8. Notice and Agenda**

- 5.8.1. Meetings of the NRC shall be called by the Company Secretary at the request of the NRC Chairman or Chairperson.
- 5.8.2. Unless otherwise agreed, reasonable notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded at least five (5) working days prior to the meeting held to each member of the NRC and any other person required to attend.
- 5.8.3. The NRC meeting agendas shall be the responsibility of the NRC Chairman or Chairperson with input from other members and where necessary, the agenda shall include input from other persons deemed appropriate to participate in this process and assisted by the Company Secretary.

5.8.4. Supporting papers shall be sent to the NRC members and other attendees as appropriate, at the same time of the above item 5.8.2.

5.8.5. The notice of each meeting shall be served to the member either personally or by fax or e-mail or post or courier to his/her registered address as appearing in the Register of Directors or to the address provided by the NRC member, as the case may be.

#### **5.9 Attendance of General Meeting**

5.9.1 The NRC Chairman or Chairperson (or in his/her absence, member of the NRC nominated by the Chairman or Chairperson) shall attend the general meetings to answer any shareholder questions on the Committee's activities.

### **6. REVIEW OF THE TERMS OF REFERENCE**

The Terms of Reference shall be reviewed periodically by the NRC in accordance with the needs of the Company, from time to time or when changes to regulatory requirements necessitate a revision, but at least once every three (3) years; any recommendation for its revision will be highlighted to the Board for approval.

**The NC & RC TOR effective merge on: 12 September 2023**  
**Adopted by the Board on: 12 September 2023**

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**APPENDIX 1**

- 1.1 When making recommendations regarding the appointment of any proposed candidate to the Board or re-appointment of any existing member(s) of the Board, the Committee shall consider a variety of factors including without limitation the following in assessing the suitability of the proposed candidate: -
- (a) Reputation for integrity;
  - (b) Accomplishment, experience and reputation in the technology industry and other relevant sectors;
  - (c) Commitment in respect of sufficient time, interest and attention to the Company's business;
  - (d) Diversity in all aspects, including but not limited to gender, age, cultural/ educational and professional background, skills, knowledge and experience;
  - (e) The ability to assist and support Management and make significant contributions to the Company's success;
  - (f) Compliance with the criteria of independence as prescribed under Bursa Malaysia Securities Berhad Main Market Listing Requirements for the appointment of an Independent Non-Executive Director; and
  - (g) Any other relevant factors as may be determined by the Committee or the Board from time to time.
- 1.2 Other than above factor, the NRC is also guided by the policies and processes as set out below in assessing a suitable candidate to hold the position as a director of the Company and its subsidiaries: -
- (a) Nomination Policy;
  - (b) Remuneration Policy;
  - (c) Fit and Proper Policy and Procedures;
  - (d) Diversity Policy.
- 1.3 In the annual evaluation of the Board, its committees and the individual directors, the Board should consider the following: -
- (a) The current board competencies against those required to drive the company's future strategies;
  - (b) Will and ability of the directors to critically challenge and ask the right questions;
  - (c) Character and integrity of the directors in dealing with potential conflict of interest situations;
  - (d) Commitment of the directors to serve the Company;
  - (e) Confidence of the directors to stand up for a point of view; and
  - (f) Contribution and performance, calibre and personality.