

TERMS OF REFERENCE (TOR)

NOMINATION AND REMUNERATION COMMITTEE (BNRC)

INSTITUT KEUSAHAWANAN NEGARA BERHAD (INSKEN)

1. OBJECTIVE

The primary objective of the Board Remuneration and Nomination Committee ("BNRC") is to establish a documented, formal and transparent procedure for assessing and reviewing the remuneration and nomination of INSKEN's Board of Trustees and Principal Officers that link rewards to corporate and individual performance.

2. COMPOSITION

- 2.1** The BNRC members shall be appointed by the Board from amongst the Trustees of the Company and shall comprise of at least three (3) members, with a majority of them being Independent Trustees.

- 2.2** The BNRC members shall elect a Chairman from among its members and the elected Chairman shall be an Independent Trustee.

- 2.3** No alternate Trustee shall be appointed as a member of the BNRC. The term of office and performance of the BNRC and each of its members shall be reviewed by the Board annually to determine whether the members have carried out their duties in accordance with their terms of reference.

- 2.4** If a member of the BNRC resigns or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board shall, within three (3) months from the date of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

3. AUTHORITY

The BNRC shall, in accordance with a procedure or process to be determined by the Board of Trustees and at the expense of the Company:-

- 3.1** To annually review the required mix of skills and experience and other qualities, including core competencies which each individual Trustee and Senior Management should have.
- 3.2** To assess on an annual basis, the effectiveness of the Board as a whole, the committees of the Board, and the contribution of each individual Trustee and Senior Management.
- 3.3** To assess on an annual basis, appointment and re-appointment of Independent Trustees The tenure of a Trustee should not exceed a cumulative term of nine (9) years. After a cumulative term of nine (9) years, if the Trustee may continue to serve on the Board, it should provide justification and seek shareholders/members' approval annually through a two-tier voting process.
- 3.4** be entitled to the services of a Company Secretary who must ensure that all appointments are properly made, that all necessary information is obtained from Trustees, both for the Company's own records and for the purposes of meeting statutory obligations or other regulatory requirements.
- 3.5** Notwithstanding anything stated above, the BNRC does not have executive powers and shall report to the Board of Trustees on matters considered and its recommendations thereon, pertaining to the Company and the Group.

4. DUTIES AND RESPONSIBILITIES

In fulfilling its primary objectives, the BNRC shall undertake the following duties and responsibilities:-

4.1 With regard to remuneration matters

- 4.1.1** Review and recommend to the Board the framework of remuneration of the Trustees and Key Personnel (the CEO and Directors), taking into account the performance of the individual, the inflation price index and information from independent sources on the rates of salary for similar jobs in selected group of comparable companies;
- 4.1.2** Review and determine the annual salary increment, performance bonus, and short term/long term incentives to Trustees and Principal Officers depending on various performance measurements of the company
- 4.1.3** Review and determine the other benefits in kind for the Trustees and Principal Officers;
- 4.1.4** Review the company's compensation policy and ensure alignment of compensation to corporate performance, and compensation offered in line with market practice;
- 4.1.5** Recommend the engagement of external professional advisors to assist and/or advise the BNRC and the Board, on remuneration matters, where necessary; and
- 4.1.6** Provide a report summarising its activities for the year in compliance with the Malaysian Corporate Governance Code, and any relevant regulations. The report can be incorporated into the corporate governance statement in the annual report or included as a separate report

4.2 With regard to nomination matters

- 4.2.1** To develop, maintain and review the criteria to be used in the recruitment process and annual assessment of Trustees.

- 4.2.2** To nominate, screen and recommend to the Board, candidates to be approved by the Board of Trustees or the shareholders. In making its recommendation, the BNRC should consider the following attributes of candidates:-
- a) skills, knowledge, expertise and experience;
 - b) professionalism;
 - c) integrity;
 - d) competencies, commitment, contribution and performance; and
 - e) in the case of the candidates for the position of Trustee, the BNRC would also evaluate the candidates' ability to discharge such responsibilities as expected from them
- 4.2.3** The actual decision as to who shall be nominated shall be the responsibility of the Board.
- 4.2.4** To consider candidates for Board vacancies and recommending Trustees who are retiring by rotation to be put forward for re-election.
- 4.2.5** To assess the effectiveness of the Board of Trustees as a whole and each individual Trustee/Committee of the Board. All assessments and evaluations carried out by the BNRC in the discharge of all its functions would be properly documented.
- 4.2.6** To annually review the term of office and performance of the Audit Committee and each of its members to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.
- 4.2.7** To assess and evaluate the independence of Trustees
- 4.2.8** To annually assess the training needs of individual Trustee and ensure they have access to appropriate continuing education programmes.
- 4.2.9** To ensure the orientation and education programmes are provided for new members of the Board.

- 4.2.10 To consider, in making its recommendations, candidates proposed by the Managing Director/Executive Director and, within the bounds of practicability, by any other senior executive or any Director or shareholder and to take steps to ensure that gender, ethnicity and age group diversity is considered as part of its recruitment exercise.
- 4.2.11 To recommend to the Board of Trustees the nominees to fill the seats on Board Committees.
- 4.2.12 To act in line with the directions of the Board of Trustees
- 4.2.13 To consider and examine all such other matters as the BNRC considers appropriate or as directed by the Board.

** Subject to members' approval in the Annual General Meeting, the Board as a whole determines the level of remuneration of the Trustees of the Company. The review of the remuneration of the Board of Trustees should take into consideration fee levels and trends for similar positions in the market, time commitment required from the Trustees and any additional responsibilities undertaken such as a Trustee acting as chairman of a board committee or as the senior independent trustee. The individuals concerned should abstain from discussion of their own remuneration.

5. CHAIRMAN OF THE BNRC

The Chairman of the BNRC shall be elected from amongst the BNRC members. The Chairman of the BNRC shall be an independent Trustee approved by the Board of Trustees.

6. SECRETARY OF THE BNRC

The Company Secretary of the Company or his representative or a person recommended by the Company Secretary and approved by the Board shall act as Secretary of the BNRC.

7. FREQUENCY AND ATTENDANCE AT MEETING

- 7.1 The Committee shall meet at least once a year and as when deemed necessary for the performance of its objectives. The

Committee may invite any person to be in attendance at the meeting to assist in its deliberations

- 7.2 No business shall be transacted at any meeting of the BNRC unless a quorum of minimum two members is satisfied.
- 7.3 A member of BNRC may participate in a meeting of BNRC by means of a telephone conference or video conference or any other means of audio-visual communications and the person shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.
- 7.4 The Company Secretary shall on the requisition of the members of the BNRC summon a meeting of the BNRC except in the case of an emergency, reasonable notice of every BNRC meeting shall be given in writing. In the absence of the Chairman, the members can elect from amongst themselves the Chairman for the meeting.

8. CIRCULAR RESOLUTION

- 8.1 A resolution in writing signed or approved by letter, electronic mail, telegram, telex or telefax or other form of electronic communication by **MAJORITY** of the Committee members who are sufficient to form a quorum, shall be valid and effectual as if it had been passed at a meeting of the Committee duly called and constituted.
- 8.2 All such resolutions shall be described as “*BNRC Members’ Circular Resolutions in Writing*” and shall be forwarded or otherwise delivered to the Company Secretary without delay and shall be recorded by the Company Secretary in the Company’s Minutes Book. Any such resolution may consist of several documents in the like form, each signed by one (1) or more Committee members.

9. NOTICE OF MEETINGS

Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be

forwarded to each member of the BNRC, any other person required to attend and all Trustees, no later than fourteen (14 days) before the date of the meeting. Supporting papers shall be sent to BNRC members and to other attendees as appropriate, at the same time.

10. MANNER OF VOTING

All matters arising from meetings of the BNRC shall be determined by a majority of votes. In the event of an equality of votes, the Chairman shall have a casting vote.

11. REVISION AND UPDATES

This Terms of Reference will be reviewed and updated when necessary to ensure it remains consistent with the BNRC's objectives and responsibilities.