

**AE MULTI HOLDINGS BERHAD [REGISTRATION NO. 200101004021 (539777-D)]  
TERMS OF REFERENCE - NOMINATING AND REMUNERATION COMMITTEE**

**1.0 OBJECTIVES**

To ensure a fair and transparent process of Board appointments, in particular to assist the Board to identify suitable candidates and make recommendations for consideration of the Board and shareholders.

To set the policy framework and make recommendations to the Board on all elements of the remuneration package and performance arrangements for Managing Director, Chief Executive Officer ("CEO"), Executive Director, Non- Executive Directors and senior management.

The Company has a combined Nominating Committee and Remuneration Committee for the purpose of expediency, since the same members are entrusted with the functions of both the Committees. The members of the Nominating and Remuneration Committee ("NRC") are mindful of their dual roles, which are clearly reflected and demarcated in the Agendas of each meeting.

**2.0 COMPOSITION**

The NRC shall be appointed from amongst the Board and shall comprise exclusively non-executive directors and a majority of whom are independent. The composition of NRC shall not less than (3) members.

**3.0 CHAIRMAN**

The Chairman of the NRC should be the Independent Non-Executive Director. In the absence of the NRC Chairman, the remaining members present shall elect one of their numbers present to chair the meeting, who should be an independent director.

**4.0 SECRETARY**

The Company Secretary or any authorised person shall be the secretary of the Committee. (the "Secretary"). The Secretary shall provide assistance to the members of the Committee, including but not limited to assist the NRC Chairman in planning the work of the Committee, formulating meeting agendas, maintenance of committee minutes, collation and distribution of information required by the Committee and provide practical support, as and when needed.

**5.0 QUORUM**

The quorum shall be two (2) members, provided that the majority of NRC members present at the NRC meeting shall be independent. The NRC at which a quorum is present shall consider to be competent for the exercise of its authorities, powers and discretions vested upon it.

**6.0 MEETINGS**

- a. Meetings of the NRC ("NRC meetings") may be conducted by means of telephone conference, video conference or any other form of audio or audio-visual instantaneous communication and the participation in the meeting pursuant to this provision shall constitute presence in person at such meeting.
- b. The minutes of such a meeting signed by the NRC Chairman or Chairman of the meeting shall be conclusive of any meeting conducted as aforesaid.
- c. NRC meetings shall be held at least once a year. NRC meetings may be called, at any other time, by the NRC Chairman or any member.
- d. The NRC shall have full discretion to invite any director or management to attend its meetings.

## **7.0 NRC RESOLUTIONS IN WRITING**

The NRC may pass resolutions by circulation. A resolution in writing signed by a majority of NRC members, including at least one independent Director, shall be as valid and effectual as if it had been passed at a meeting of the NRC duly called and constituted.

These resolutions may consist of several documents in original or facsimile in the like form each signed by one or more members.

## **8.0 DUTIES AND RESPONSIBILITIES**

The main functions and duties of the NRC are as follows:-

### **8.1 BOARD NOMINATION AND ELECTION PROCESS**

#### **a. New Appointment**

1. To consider, review and recommend the appointment of potential candidates to the Board proposed by Management or any Director or shareholder taking into consideration the candidates' skills, knowledge, expertise and experience, time, commitment, character, professionalism and integrity.
2. Before any appointment by the Board, evaluate the balance of skills, knowledge, experience and diversity on the Board, and the current and future needs and size of the Company in identifying suitable candidates, the NRC may:-
  - a) Use the services of external advisors to facilitate the search from diverse pools;
  - b) Consider candidates from a wide range of backgrounds;
  - c) Consider candidates on merit and against objective criteria with due regard for diversity including gender, ethnicity and age, and appointees time commitment, skill and experience; and
  - d) Request to consider the disclosure of any business interests that may result in a conflict of interest.
3. To recommend to the Board, candidates to fill the seats on the Board Committees in consultations with the chairmen of those committee. In the event that the Chairman's position is to be filled, to consult with the Board.
4. To consider and recommend to the Board the candidates for Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), taking into consideration the candidates' skills, knowledge, expertise and experience, time, commitment, character, professionalism, integrity and diversity on senior management.

#### **b. Re-election, Reappointment and Resignation/Termination**

1. To recommend to the Board, candidates for re-election of Directors by shareholders under the annual re-election provisions of retirement with due consideration to the extent to which interplay of the Director's expertise, skills, knowledge and experience with those of other Board members, as well as their roles as committee members. Attention should be given to Independent Directors who are retained beyond nine (9) years as the Board has to provide strong justification in exceptional circumstances and seek shareholders' approval. If the Board continues to retain the Independent Director after the nine (9) years, the Board should seek annual shareholders' approval through a two-tier voting process. Under the two-tier voting process, shareholders' votes will be cast in the following manner at the same shareholders' meeting:
  - Tier 1: Only the Large Shareholder(s) of the Company votes;
  - Tier 2: Shareholders other than Large Shareholder(s)1 votes.

Large Shareholder means a person who:

- is entitled to exercise, or control the exercise of, not less than 33% of the voting shares in the Company; or
- is the largest shareholder of voting shares in the Company; or
- has the power to appoint or cause to be appointed a majority of the Directors of the Company; or

- has the power to make or cause to be made, decisions in respect of the business or administration of the Company, and to give effect to such decisions or cause them to be given effect to.

The decision for the resolution is determined based on the vote of Tier 1 and a simple majority of Tier 2. If there is more than one Large Shareholder, a simple majority of votes determine the outcome of the Tier 1 vote.

The resolution is deemed successful if both Tier 1 and Tier 2 votes support the resolution.

However, the resolution is deemed to be defeated where the vote between the two tiers differs or where Tier 1 voter(s) abstained from voting.

2. In obtaining the shareholders' approval, the NRC should review annually the Independence of the Independent Non-Executive Director and recommend to the Board whether the Independent Director should remain independent or be re-designated.
3. Matters relating to the continuation in office of any Director at any time, including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provisions of the law and their service contract.
4. The re-appointment of any Non-Executive Director at the conclusion of his term of office having given due regard to his performance and ability to continue to contribute to the Board in terms of knowledge, skills and experience requested.

#### **c. Succession Planning**

1. To understand the current performance, competencies and potential of those in key positions in senior management in order to identify and develop plans for those key talents.
2. To make recommendations to the Board concerning the succession plans for both Executive and Non-Executive Directors and in particular for the Chairman and the CEO and the re-appointment of any Non-Executive Director at the conclusion of his or her specified term of office.
3. To establish a clear succession plan for senior management, giving full consideration to succession planning in the course of its work, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board and by the Company in future. In terms of senior management, the Committee may request from time to time detailed views (either in the form of a report or otherwise) and work together with the CEO and/or senior management of the Company to:-
  - a. identify expected critical position vacancies and determine any future critical positions; and
  - b. identify gaps in current employees and develop individual development plans, coaching and monitoring programmes.

#### **d. Annual Performance Assessment of Board, Board Committee and Individual Directors**

1. To annually review the required mix of skills, experience, diversity and other qualities including core competencies and effectiveness of the Board, as a whole, the Board Committees and the contribution of each individual director. All evaluation carried out by the Committee in the discharged of its function should be documented.
2. To annually review the time required of Non-Executive and Independent Directors. Performance assessments should be undertaken to assess whether the Directors are spending enough time to fulfil their duties.
3. To annually review the independence of the Independent Director and recommend to the Board whether the Independent Director(s) who has (have) exceeding the cumulative term of nine (9) years should remain independent or be re-designated.
4. To annually review the term of office of the Audit Committee ("AC") and each of its members to determine whether the AC has carried out their duties in accordance with their terms of reference.

#### **e. Continuous Education / Development**

1. To identify suitable orientation, educational and training programmes for continuous development of Directors and ensure all Directors receive appropriate continuous trainings programme in order to keep abreast with developments in the industry and with changes in the relevant statutory and regulatory requirements.
2. To assess the AC members' knowledge on financial literacy.

#### **f. Size of Board and Independent Directors**

1. To assess the desirable balance in Board membership by reviewing the size, structure and composition of the Board, taking into consideration the number of directorships.
2. To assess desirable number of Independent Directors.
3. To consider the representation of interest group as part of boardroom diversity and to set up a policy on board composition. Factors to consider may include gender, race, religion, nationality, professional background and culture.

### **8.2. BOARD REMUNERATION MATTERS**

1. To recommend and advise the Board the remuneration and terms of conditions (and where appropriate, severance payments) of the Managing Director, CEO, CFO and Executive Directors, ensuring that remuneration is set at a competitive level for similar roles within comparable markets to recruit, attract, retain and motivate high calibre, individuals and so structured as to align their interest with those of the Company and shareholders.
2. To establish a formal and transparent procedure for developing framework or policy on remuneration packages of individual directors.
3. To monitor structures and levels of remuneration for other senior management and make recommendations, if appropriate, to ensure consistency with the Company's remuneration objectives.
4. To approve any major changes to employee compensation and benefits arrangements applicable to the Executive Director(s) and senior management.
5. To approve incentive plans for the Executive Directors and senior management, and any amendments to such plan; and
6. To carry out other responsibilities, functions or assignments as may be defined by the Board from time to time.
7. To establish and review the benefits in all its form for the Executive Directors, Non-Executive Directors, CEO, CFO and key management positions under the employment within the Group;
8. To review and approve annual salary increments and bonuses for the Executive Directors, CEO, CFO and key management positions under the employment of the Group; and
9. To obtain external advice, where necessary, on Benefits for the Executive Directors, Non-Executive Directors and key management positions under the employment of the Group.

### **9.0 RIGHTS AND AUTHORITY**

The NRC shall :-

- a. have the resources which are required to perform its duties;
- b. have full and unrestricted access to all information and documents within the Group to perform its duties;
- c. have the right to obtain independent professional or other advice at the Company's expense;
- d. have the right to invite any employees of the Group to attend NRC Committee meetings and to brief the NRC Members on matters being deliberated;
- e. meet as and when required on a reasonable notice and have the right to regulate its own procedure on the calling of meeting;
- f. have the right to pass resolutions by a simple majority vote from the NRC Members; and
- g. have the right to provide recommendations to the Board for consideration and approval.

## **10.0 REVIEW OF THE TERMS OF REFERENCE**

The NRC shall recommend any change to its terms of reference in such manner as the NRC deems appropriate to the Board for approval. The terms of reference shall be assessed, reviewed and updated where necessary i.e. when there are changes to the Malaysian Code of Corporate Governance, Listing Requirements of Bursa Malaysia Securities Berhad or any other regulatory requirement. It shall also be reviewed and updated when there are changes to the direction or strategies of the Group that may affect the NRC's role.

Terms of Reference of NRC were reviewed and approved by the Board of Directors on 25 July 2022.