



MIECO CHIPBOARD BERHAD

Registration No. 197201001235 (12849-K)

Terms of Reference of Nomination
And Remuneration Committee

TERMS OF REFERENCE OF NOMINATION AND REMUNERATION COMMITTEE

OBJECTIVES

The Nomination and Remuneration Committee (“NRC”) is established by the Board of Directors (“Board”) with the specific responsibility for selection and assessment of Directors. It has the duty to strengthen composition with boardroom diversity and appropriate mix of skills to ensure sustainability of the Group, which include succession planning and skills development. The Committee is guided by a Directors’ Fit and Proper Policy in the review and assessment of potential candidates to be appointed onto the Board as well as directors who are seeking re-election.

The Committee is also entrusted to establish a documented, formal and transparent policy and procedure to support and advise the Board and to recommend the remuneration package of the Executive Directors and Non-Executive Directors to the Board for approval, with each Director concerned abstaining from any decision as regards his/her remuneration.

MEMBERSHIP

- a) The NRC shall be appointed by the Directors from amongst their members and shall comprise not fewer than three (3) in number.
- b) The member of NRC shall be non-executive directors, a majority of whom are independent. No alternate Director shall be appointed as member of the Committee.
- c) If a member of the NRC resigns or for any other reason ceases to be a member with the result that the number of members is reduced below three (3), the Board shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.
- d) The membership of the NRC shall be terminated upon the cessation of him/her as a Director of the Company, or as determined by the Board.

CHAIRMAN

The members of the NRC shall elect a Chairman from amongst themselves who shall be an Independent Director of the Company.



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DUTIES AND RESPONSIBILITIES

Nomination Matters

- a) to establish and recommend to the Board for approval, the minimum requirements for the Board, i.e. required mix of skills, experience, knowledge, qualification, age, cultural background, gender, and other core competencies required of a Director.
- b) to oversee the overall composition of the Board, in terms of the appropriate size and skills, experiences and other qualities including core competencies which Non-Executive Directors should bring to the Board, the independence of each Independent Director, the balance between Executive Directors, Non-Executive Directors and Independent Directors as well as board diversity through annual review.
- c) to consider in making its recommendations, candidates for directorships proposed by the Board, management or major shareholders or other sources such as executive search firms.
- d) to establish the mechanisms for the formal assessment on the effectiveness of the Board as a whole, contribution of each Director to the effectiveness of the Board, the contribution of the respective Board Committees and the performance of Executive Directors. The annual assessment to be conducted would be based on objective performance criteria as approved by the Board.
- e) to assess and evaluate the performance of the Board as whole, Board Committees, and each individual Director (which inclusive of the appropriate "Fit and Proper" criteria, as well as the performance in addressing the Company's material sustainability risks and opportunities).
- f) to assess and evaluate the independency and ability of the Independent Director to discharge such responsibilities as expected from an Independent Director.
- g) to assess and evaluate each Director has the character, experience, integrity, competence, and time to effectively discharge his role as a Director.
- h) to establish an appropriate framework or policy on succession planning for Executive Directors and Key Senior Management and to oversee the implementation of the succession planning. The succession planning frameworks or policy should be approved by the Board.
- i) to review the term of office and performance of the Board Committees and each of their members on an annual basis to determine whether such Board Committee and their members have carried out their duties in accordance with their terms of reference.
- j) to review the tenure of each Director and performance of the Director who is subject to retirement at the Annual General Meeting of the Company together with his contribution to the Board, and recommend to the Board on the re-election and re-appointment of the retiring Director.



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- k) to ensure that all Directors receive appropriate and relevant continuous training programs in order to keep abreast with the latest development in the industry.

Remuneration Matters

- a) to review and recommend to the Board the remuneration policy and procedures for the Executive Directors, Non-Executive Directors and Key Senior Management, taking into account the demands, complexities as well as skills and experience required in order to attract and retain them to drive the company's long term objective;
- b) to review annually the performance of the Executive Directors and recommend to the Board on specific adjustments in the remuneration package and/or reward payments if any, and ensure the remuneration packages are aligned with the business strategy and long-term objective of the Company and also reflect the Board's responsibilities, expertise and complexity of the Company's activities;
- c) to review and recommend to the Board the fee and benefit payable to the Non-Executive Directors annually, and ensure that the level of fee and benefit payable of Non-Executive Directors are linked to their level of responsibilities undertaken and contributions to the effective functioning of the Board;

RIGHTS OF THE NRC

Wherever necessary and reasonable for the performance of its duties, the NRC shall in accordance with the procedure to be determined by the Board and at the cost of the Company to: -

- a) have authority to investigate any matter within its terms of reference;
- b) have the resources which are required to perform its duties; and
- c) have full and unrestricted access to any information required to perform their duties.

MEETINGS AND MINUTES OF THE NRC

- a) The NRC shall meet not less than once a year and at such other times as the Chairman of the NRC considers necessary or appropriate. The Chairman may call for additional meetings at any time at the Chairman's discretion.
- b) The quorum for the NRC meeting shall consist at least of two (2) members.



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- c) Any persons other the members of the NRC may attend the NRC meeting only at the invitation of the NRC.
- d) The Company Secretary shall act as Secretary of the NRC and shall be responsible for drawing up the agenda after deliberation with the NRC Chairman and circulating it together with other supporting explanatory documentation to the NRC prior to each meeting.
- e) The Secretary shall on the requisition of the members of the NRC summon a meeting of the NRC except in the case of an emergency, reasonable notice of every NRC meeting shall be given in writing.
- f) The minutes of the NRC meeting shall be prepared by the Secretary and extended to the Board for notation.
- g) Resolutions, proposals, and matters tabled for approvals at the NRC meeting shall be decided by a simple majority of the members present. In the event of equality of votes, the Chairman of the NRC shall have a second or casting vote.
- h) The NRC is allowed to carry out its resolutions by way of circulation. A resolution in writing signed or approve by letter, electronic mail, telegram, telex or telexfax or other form of electronic communication by a simple majority of the NRC, shall be valid effectual as if it had been passed at a meeting of the NRC duly called and constituted.

All such resolutions shall be described as “Members’ Circular Resolutions” and shall be forwarded or otherwise delivered to the Secretary without delay and shall be recorded by the Secretary in the minutes book.

REVIEW OF THE TERMS OF REFERENCE

The members of the Committee will assess, review and update the terms of reference periodically or as and when there are changes to the regulatory requirements, direction or strategies of the Company that may affect the Committee’s role. The NRC will recommend the changes for the approval of the Board.

Revised on 23 August 2023.