

HPMT HOLDINGS BERHAD
(“HPMT HOLDINGS” OR THE “COMPANY”)
Registration No. 201701041672 (1255845-W)

TERMS OF REFERENCE OF NOMINATION AND REMUNERATION COMMITTEE

1. OBJECTIVE

The Nomination and Remuneration Committee (“NRC”) is established to act as a committee of the Board of Directors (“the Board”) to fulfill its fiduciary responsibilities as outlined in Chapter 15 of the Main market Listing Requirements (“Listing Requirements”) and all other relevant directive as imposed by Bursa Malaysia Securities Berhad, and to assist the Board in the following areas:-

- Recruitment, retention, training and basically developing the best available directors suitable for the Company;
- Management of Board’s renewal and succession planning effectively;
- To assess the performance of the Directors on an on-going basis of the effectiveness of the Board as a whole;
- To review annually the Board’s mix of skills and experience, Board structure, size and composition;
- Develop and formulate a transparent policy on the remuneration of Directors, and to set the remuneration package of the individual Director;
- Adopt a formal and transparent procedure for determining the remuneration package of the Director, which is to be based on objective considerations of the merits and values of the Director’s contribution to the Company;
- Ensure that the Executive Director’s remuneration, benefits and rewards are linked to corporate and individual performance;
- Ensure that the remuneration package is sufficient to attract and retain the Directors needed to manage the Company successfully; and
- Review the remuneration packages from time to time to gauge its competitiveness and attractiveness, and to make recommendations if and when necessary.

The NRC shall also perform such other functions assigned by the Board.

2. COMPOSITION

The NRC shall be appointed by the Board from its members pursuant to a resolution of the Board and must fulfil the following requirements: -

- a) It must comprise of three (3) or more members.
- b) All members of the NRC shall be non-executive directors with a majority of them being independent directors.
- c) Members of the NRC shall elect from among them a Chairman, preferably the Senior Independent Director, unless a better candidate is available.
- d) No alternate director can be appointed as member of the NRC.

- e) In the event of any vacancy with the result that the number of members is reduced to below three (3), the vacancy shall be filled within three (3) months thereof. Therefore, a member of the NRC who wishes to retire or resign should provide sufficient written notice to the Company so that a replacement may be appointed before he leaves.

3. AUTHORITY

The NRC shall have the authority and right, at the cost of the Company, to:

- a) To have the resources which are required to undertake its duties;
- b) Have access to the relevant information and documents pertaining to the Company and its subsidiaries; and
- c) Seek independent professional or other advice, including management of the Company, considered necessary.

4. MEETINGS

The NRC may meet together for the despatch of business, adjourn and otherwise regulate their meetings, at least once a year or more frequently as deemed necessary. The Chairman may call for additional meetings at any time at the Chairman's discretion.

- 4.1 The Secretary shall on the requisition of the members of the NRC summon a meeting of the NRC and except in the case of an emergency, reasonable notice of every NRC meeting shall be given in writing.
- 4.2 A quorum shall consist of a majority of members for the time being, with a minimum of two (2) members. In the absence of the Chairman, the members can elect from amongst themselves the Chairman for the NRC meeting.
- 4.3 The NRC members may participate in a meeting by means of conference telephone, conference videophone or any similar or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting.
- 4.4 The NRC may require the members of management to attend any of its meetings as it determines.
- 4.5 Other directors and employees may attend any particular meeting only at the NRC's invitation, specific to the relevant meeting.
- 4.6 The Secretariat of the NRC shall be the Company Secretary of the Company and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it prior to each meeting.
- 4.7 Questions arising during the meeting shall be decided by a majority of votes of members present, and in the case of equality of votes, the Chairman shall have a second or casting vote.

5. DUTIES AND RESPONSIBILITIES

The responsibilities and duties of the NRC are as follows:

- To assess and recommend to the Board, candidates for all directorships to be filled by the Shareholders or the Board. In making the recommendations, the NRC will also consider candidates proposed by the Managing Director or Executive Director, and within the bounds of practicability, by any other senior management, Director or shareholder.
- In making its recommendations, the NRC should consider the following attributes of the candidates or factors:
 - (a) technical competency, skills, knowledge, expertise and experience;
 - (b) strong sense of professionalism;
 - (c) background, character, integrity and competence;
 - (d) contribution and performance;
 - (e) other commitments and time available to contribute inputs to the Board;
 - (f) in the case of candidates for the position of Independent Non-Executive Directors, the NRC should evaluate the candidates' ability to discharge such responsibilities/functions as expected from independent non-executive Directors; and
 - (g) boardroom diversity including gender, age and ethnicity diversity.
- If the selection of candidates was solely based on recommendations made by existing board members, management or major shareholders, the NRC should explain why other sources were not used.
- To recommend to the Board the nominees to fill the seats on Board's Committees.
- To review Board and Senior Management succession plans and make recommendations to the Board on succession planning policy for management.
- To lead the succession planning and appointment of board members, including the future Chairman, CEO, etc.
- To review the training needs/training programs for the Board and facilitate Board induction and training programs.
- To review annually, the term of office and performance of the Audit and Risk Management Committee and each of its members to determine whether the Audit and Risk Management Committee and members have carried out their duties in accordance with the terms of reference of the Audit and Risk Management Committee.
- To implement annual assessment on the effectiveness and performance of the Board as a whole, the committees of the Board, as well as the contribution/performance of each individual Director, including Non-Executive Directors and Executive Director(s). All assessments and evaluations carried out by the NRC in the discharge of all its functions should be properly documented.

- To examine the size of the Board with a view to determining the impact of the number upon its effectiveness.
- To review the required mix of skills and experience and other qualities including core competencies which Non-Executive Directors should bring to the Board.
- To develop the criteria to assess independence and to assess on an annual basis, the independence of the Independent Non-Executive Directors and recommend the same to the Board.
- To recommend the retention of its Independent Non-Executive Directors whose terms have exceeded nine (9) years' tenure for continuance in the office.
- To recommend the re-election of Directors who retired by rotation pursuant to the Company's Constitution.
- To establish time commitment expectations/protocol for the members of the Board.
- To review the attendance of the Directors at Board and/or Board Committee(s) Meetings.
- To establish a policy formalising its approach to boardroom diversity.
- To act in line with the directions of the Board.
- To review with the Managing Director and the Executive Directors, their goals and objectives and to assess their performance against these objectives as well as their contribution to the corporate strategy.
- The NRC shall consider the scope of service agreements and remuneration of executive directors of the Group and make such recommendations to the respective boards of directors of the Group as the NRC thinks fit.
- The NRC shall review and make recommendations to the respective boards of directors of the Group on the remuneration policies and packages of executive directors, Managing Director and key senior management staff of the Group.
- The NRC shall, on an annual basis and after taking due consideration of the assessment of the NRC of the effectiveness and contribution of every director, executive directors, Managing Director and key senior management staff concerned, review the remuneration packages of directors, Managing Director and key senior management staff of the Group and recommend to the Board specific adjustments in remuneration packages, if any.
- To consider and examine such other matters as the NRC considers appropriate.

6. MINUTES

Minutes of each meeting shall be kept at the registered office and distributed to each member of the NRC and also to the other members of the Board. The NRC Chairman shall report on the proceeding of each meeting to the Board.

The minutes of the NRC meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

The NRC members may inspect the minutes of the NRC at the Registered Office or such other place as may be determined by the NRC.

7. CIRCUALR RESOLUTION

A resolution in writing signed by a majority of the NRC members for the time being shall be as valid and effectual as if it had been passed at a meeting of the NRC duly called and constituted.

Any such resolution may consist of several documents in like form each signed by one (1) or more NRC members. Any such document may be accepted as sufficiently signed by a NRC member if transmitted to the Company by telex, telegram, cable, facsimile or other electrical or digital written message to include a signature of a NRC member.

8. ELECTED MEMBERS

For information on the current members of the NRC, please refer to the Corporate Information section, under “Investor Relations” on the Company’s corporate website at: <https://www.hpmt-industries.com/>

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