

PDZ HOLDINGS BHD. (360419-T)

TERMS OF REFERENCE OF THE NOMINATION AND REMUNERATION COMMITTEE

1. OBJECTIVES

The principal objectives of the Nomination and Remuneration Committee (“Committee”) are as follows:-

For Nomination

- i. To recommend to the Board, suitable candidate(s) to be appointed as Director(s) (either as a Executive, Non-Executive or Independent Non-Executive Director);
- ii. To evaluate and consider, before making any recommendations, candidate(s) proposed by the Executive Director cum Chief Executive Officer, or any other senior executive or any Director; and
- iii. To evaluate and consider suitable candidate(s) to fill seats on Committee.

For Remuneration

- i. To attract and retain high caliber Executive Directors needed to run and manage the Company successfully and to assist the Board of Directors in its responsibilities in assessing and reviewing the remuneration packages of the Executive Directors.

2. COMPOSITION OF MEMBERS

The Board of Directors shall elect the Committee members from amongst themselves, comprised exclusively of Non-Executive Directors, a majority of whom must be Independent Director.

3. CHAIRMAN

The Committee shall elect a Chairman from amongst its members and the elected Chairman of the Committee shall be approved by the Board of Directors. The Chairman of the Committee shall be an Independent Director.

In the event, the elected Chairman is not able to attend the Committee meeting, a member of the Committee shall be nominated as Chairman for the meeting.

4. MEETINGS OF THE COMMITTEE

i. Meetings

The Committee 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. In the event issues requiring the Committee’s decision arise between meetings, such issues shall be resolved through written resolution. Such written resolution in writing shall be valid and effectual if it is signed or approved by letter, facsimile or any electronic means by all members of the Committee pursuant to the Constitution of the Company.

For the Committee’s meetings (except in the case of an emergency), reasonable notice shall be given in writing to all the members of the Committee.

PDZ HOLDINGS BHD. (360419-T)

Terms of reference of the Nomination and Remuneration Committee.....cont'd

Other Board members and senior management may be invited to attend the Committee meetings.

ii. **Quorum**

A minimum of two (2) Independent Directors to form the quorum.

iii. **Secretary of the Committee**

The Company Secretary shall be the secretary of the Committee.

iv. **Minutes of the Committee Meeting**

Every meeting of the Committee must be recorded either by the Company Secretary or any other person approved by the Committee to take minutes and such minutes must be signed by the Chairman of the Meeting as evidence that the meeting was duly convened and held.

5. **FUNCTIONS**

The functions of the Committee are as follows:

For Nomination

- i. To consider and recommend to the Board suitable candidates for appointment as Directors of the Company. In making a recommendation to the Board on the candidates for directorship, the Committee should consider the candidates:-
 - a. skills, knowledge, expertise and experience;
 - b. professionalism;
 - c. integrity; and
 - d. in the case of candidates for the position of Independent Non-Executive Directors, the Committee shall also evaluate the candidates' ability to discharge such responsibilities / functions as expected from Independent Non-Executive Directors.
- ii. To annually review, or as required, the correct mix of skills, business and professional experiences that should be added to the Board, and to ensure that all the Directors undergo appropriate introduction and training programmes.
- iii. To appraise each individual Director including Independent Non-Executive Directors as well as the Executive Directors in terms of their experience, knowledge, credibility and credentials, and assess their effectiveness and contribution in carrying out their obligations and duties as a Board member of the Company. All assessments and evaluations carried out by the Committee in the discharge of all its functions should be properly documented.
- iv. To examine the ability of each Director to contribute to the effective decision making process of the Board and ensure that the Board of the Company is functioning actively, efficiently and effectively in all its decision making.
- v. To assess the effectiveness of the Board as a whole and the Committees of the Board.
- vi. To review the term of office and performance of the Audit Committee and each of its members annually to determine whether such Audit Committee and its members have carried out their duties in accordance with their terms of reference.

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Terms of reference of the Nomination and Remuneration Committee.....cont'd

- vii. To review and assess the independence of the Independent Directors of the Company.
- viii. To carry out such other functions or assignments as may be delegated by the Board from time to time.

For Remuneration

- i. To review and recommend to the Board the appropriate remuneration packages for the Executive Directors and Non-Executive Directors of the Company, with or without other independent professional advice or other outside advice;
- ii. To formulate policies, guidelines and set criteria for remuneration packages for Directors of the Company;
- iii. To ensure that the Directors are fairly and appropriately remunerated according to the general market sentiments or conditions;
- iv. To determine the composition of the various types of components of remuneration such as basic salary, bonus and other benefits in kind for the Executive Directors of the Company.
- v. To ensure all necessary actions are taken expediently by the Board to offer appropriate rewards, benefits, compensation and remuneration and to ensure that the levels of remuneration are sufficiently attractive to retain Directors and structuring the remuneration packages to link rewards to the individual performance.
- vi. To ensure that all remuneration packages and benefits given to the Directors are in compliance with the Company's Remuneration Policy and any other laws, rules, requirements, regulations and guidelines set by the relevant authorities and the Board from time to time.
- vii. Any other function that may be delegated by the Board which would be beneficial to the Company and ensure the effective discharge of the Committee's duties and responsibilities.
- viii. To carry out such other functions or assignments as may be delegated by the Board from time to time.

This Terms of Reference was reviewed and updated on 26 November 2018 by the Board.