



**AVALAND BERHAD**

Company Registration No.: 200901038653 (881786-X)  
(Incorporated in Malaysia)

**Terms of Reference  
of  
Nomination and Remuneration Committee**

## Table of Contents

1.	Membership	1
	1.1 Composition	
	1.2 Term	
	1.3 Vacancy	
2.	Rights	1
3.	Duties and Responsibilities	2-3
	3.1 Appointment	
	3.2 Retirement and Re-election	
	3.3 Annual Performance Assessment	
	3.4 Succession Planning	
	3.5 Remuneration for Directors and Senior Management	
	3.6 Other Matters	
4.	Directors' Remuneration Policy	4-5
	4.1 Executive Directors and Senior Management	
	4.2 Non-Executive Directors	
	4.3 Directors and Officers Liability Insurance	
	4.4 Approval Procedures for the Directors' Remuneration	
5.	Meetings	5-6
6.	Review of Terms of Reference	6

## **AVALAND BERHAD**

Company Registration No.: 200901038653 (881786-X)  
(Incorporated in Malaysia)

### **Terms of Reference of Nomination and Remuneration Committee**

---

The Board of Directors ("**Board**") of Avaland Berhad (hereinafter known as "**Avaland**" or the "**Company**") has on 1 April 2022 combined the Nomination Committee and Remuneration Committee into a new board committee. The new board committee is now known as the Nomination and Remuneration Committee (hereinafter known as "**NRC**").

#### **1. MEMBERSHIP**

##### **1.1 Composition**

- (a) The Board shall appoint the NRC from amongst themselves, and the NRC must be composed of not fewer than three (3) members.
- (b) All members of the NRC must be non-executive directors, with a majority of them being independent directors.

*In this respect, the Board adopts the definition of "independent director" as set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and any practice notes issued thereto.*

- (c) No alternate director shall be appointed as a member of the NRC.
- (d) The NRC members must elect a chairman from among themselves who is an independent director. The chairman of the NRC shall not be the chairman of the Board.

##### **1.2 Term**

The term of office and performance of the NRC and each of its members shall be reviewed by the Board annually to determine whether such NRC and its members have carried out their duties in accordance with their terms of reference.

##### **1.3 Vacancy**

In the event of any vacancy in the NRC resulting in the non-compliance of paragraph 1.1 above, the vacancy shall be filled within three (3) months.

#### **2. Rights**

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

- (a) have the resources which are required to perform its duties; and
- (b) be able to obtain independent professional or other advice.

**AVALAND BERHAD**

Company Registration No.: 200901038653 (881786-X)  
(Incorporated in Malaysia)

### **3. DUTIES AND RESPONSIBILITIES**

The duties and responsibilities of the NRC are as follows:

#### **3.1 Appointment**

To identify, screen and recommend suitable new nominees to the Company's Board and board committees ("**Board Committees**") based on objective criteria, merit and due regard for diversity in skills, experience, age, cultural background and gender.

The NRC should take appropriate measures to ensure that boardroom diversity is sought as part of their selection and recruitment exercise.

#### **3.2 Retirement and Re-election**

To review the tenure of each director and recommend to the Board for the re-election of directors retiring in accordance with the provisions of the Constitution of the Company.

The annual re-election of a director should be contingent on a satisfactory evaluation of the director's performance and contribution to the Board.

#### **3.3 Annual Performance Assessment**

- (a) To review on an annual basis the required mix of skills, independence and experience, diversity and other qualities, including core competencies that non-executive directors should bring to the Board.
- (b) To assess the effectiveness of the Board as a whole, the individual committees of the Board, and the contribution of each individual director and senior management and, where applicable, to make a recommendation to the Board the action plan for improvement on areas identified in the evaluation on Board effectiveness.
- (c) To conduct and review the performance evaluations of the Board and senior management in addressing the company's material sustainability risk and opportunities.
- (d) To review the term of office and performance of the Audit and Risk Management Committee ("**ARMC**") and each of its members annually to determine whether the ARMC and its members have carried out their duties in accordance with their terms of reference of the ARMC.
- (e) To assess on an annual basis the independence of each independent director to ensure that they are continually fit and will maintain their independence to provide appropriate scrutiny and impartial judgment.
- (f) To conduct an assessment on the independent director who has served the Board for more than nine years from his/her first appointment date to determine if such an independent director shall continue in office.

**AVALAND BERHAD**

Company Registration No.: 200901038653 (881786-X)  
(Incorporated in Malaysia)

**3.4 Succession Planning**

- (a) To oversee and monitor the succession planning of the Board and senior management to ensure that they have the necessary skills and experience relevant to the strategic objectives and direction of the Company.
- (b) To review the training and continuous professional development programmes for the Board.

**3.5 Remuneration for Directors and Senior Management**

- (a) To support the Board in actively overseeing the design and operation of the Company's remuneration system fairly and transparently.
- (b) To develop, determine and recommend to the Board the general remuneration policy for the executive directors, non-executive directors, and senior management to attract, retain, and motivate executive leadership and management of the quality required.
- (c) To review and recommend to the Board the remuneration of non-executive directors, particularly on whether the remuneration remains appropriate, reflects each non-executive director's contribution by considering the level of expertise, commitment and responsibilities are undertaken.
- (d) To review and recommend to the Board the total individual remuneration package for the executive directors and senior management personnel, where appropriate, including bonuses and incentive payments within the terms of the agreed remuneration policy and based on individual performance.
- (e) To ensure that the remuneration packages for non-executive directors, executive directors and senior management personnel are comparable to market peers.
- (f) To oversee the qualitative and quantitative disclosures of remuneration made in the annual report and notice to general meetings and ensure that resolutions on the approval of fees for each non-executive director are tabled separately at general meetings.
- (g) To provide clarification to shareholders during general meetings on matters pertaining to remuneration of directors and senior management as well as the overall remuneration framework of the Company.

**3.6 Other Matters**

- (a) To engage external professional advisors to assist and/or advise the NRC on performance evaluation, remuneration matters, etc., where necessary.
- (b) To consider and examine such other matters as the NRC finds appropriate.

## **AVALAND BERHAD**

Company Registration No.: 200901038653 (881786-X)  
(Incorporated in Malaysia)

### **4. DIRECTORS' REMUNERATION POLICY**

#### **4.1 Executive Directors and Senior Management**

The remuneration package of the executive directors and senior management personnel are made up of basic salaries, allowances, annual bonus, etc. The Board recognises that remuneration levels must be sufficient to provide market competitiveness to attract, retain and motivate executive directors and senior management personnel with the quality required to competently manage the business of the Company and its subsidiary companies ("**Avaland Group**").

The remuneration packages for executive directors and senior management personnel involve a balance between fixed and performance-linked (variable) elements. The relative weightage of fixed and variable remuneration for performance varies with:

- (a) the nature of the job;
- (b) the complexity of role;
- (c) the level of expertise, the scope of responsibilities and skills;
- (d) the overall contribution to the Group's strategy and operation;
- (e) the individual's key performance indicators ("**KPIs**"); and
- (f) industry benchmarks against the companies of similar size and industry.

In formulating the remuneration levels, the NRC should assess the performance of executive directors and senior management personnel based on the achievements of their annual KPIs (both quantitative and qualitative).

<b>Nature</b>	<b>Example</b>
Quantitative	Financial measures, including the profitability of Avaland Group.
Qualitative	Strategic measures, including the competitive performance metrics and enhancement of shareholders' value.

#### **4.2 Non-Executive Directors**

The remuneration structure of non-executive directors is commensurate with their roles and responsibilities at both the Board and Board Committees' levels. The remuneration package must be sufficient to attract, incentivise and retain the quality of non-executive directors, providing leadership, guidance to the management and time commitment.

The remuneration package of non-executive directors is generally determined based on their qualification, experience, competence and industry benchmarks against companies of similar size. An annual assessment is also performed on the non-executive directors' responsibilities and time commitment.

Each of the remuneration packages of non-executive directors consists of an annual fixed director's fee and meeting allowances.

**AVALAND BERHAD**

Company Registration No.: 200901038653 (881786-X)  
(Incorporated in Malaysia)

**4.3 Directors and Officers Liability Insurance ("DOLI")**

According to the provision of the Companies Act, 2016, the Company shall indemnify or directly or indirectly affect insurance for directors and officers in relation to any liability arising in the course of discharging their duties as directors or officers of Avaland Group provided that such liabilities are occasioned in good faith and not as a result of negligence, default or breach of duty.

The Company shall bear the DOLI premium, and it does not form part of the benefits awarded to the directors.

**4.4 Approval Procedures for the Directors' Remuneration**

The directors' fees and any benefits payable to the non-executive directors, including any former director's compensation for loss of employment (if applicable), shall be approved at general meetings.

Approval of directors' fees and any benefits payable to the non-executive directors may be sought prospectively. However, the payment of directors' fees shall only be made in arrears either on a progressive (e.g. monthly/quarterly) or lump-sum basis (i.e. year-end).

**5. MEETINGS**

- (a) The NRC shall hold at least one (1) meeting annually.
- (b) The quorum for each meeting shall be two (2) NRC members, including at least one (1) independent director.
- (c) In the absence of the NRC chairman, the other members shall amongst themselves elect another NRC member, who must be independent, to chair the meeting.
- (d) The Company Secretary shall serve as the secretary of the NRC and shall be responsible for ensuring that the NRC meeting procedures are followed and preparing the meetings' minutes. The Company Secretary shall be responsible for drawing up the agenda with the concurrence of the NRC chairman.
- (e) Notice of NRC meeting shall be given to all NRC members unless the NRC waives such requirement.
- (f) The NRC members may participate at a meeting of NRC by way of telephone or video conferencing or by means of other communication equipment or electronic means which enable all persons participating at the meeting to hear and/or see each other for the entire duration of the meeting in which event such NRC member shall be deemed to be physically present at the meeting. Such NRC members' participation in a meeting shall consider in ascertaining the presence of a quorum at the meeting.
- (g) Only NRC members have the right to attend NRC meetings. However, other individuals such as the executive directors, non-executive directors, senior management and external advisers may be invited to attend for all or part of any meeting as and when appropriate.

**AVALAND BERHAD**

Company Registration No.: 200901038653 (881786-X)  
(Incorporated in Malaysia)

- (h) The minutes of the NRC meetings 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 minutes are to be extended to the Board for notation purposes.
- (i) Minutes of each NRC meeting shall be kept at the registered office and distributed to each NRC member. The NRC chairman shall report on its proceeding of each meeting to the Board. The NRC shall make whatever recommendations to the Board on all matters it deems appropriate on any area within its remit where action or improvement is needed.
- (j) Questions arising at any NRC meeting shall be decided by a majority votes of the members present. In the case of an equality of votes, the NRC chairman shall have a second or casting vote.
- (k) A resolution in writing, approved or signed by letter, telegram, telex, facsimile or electronic means by a majority of the NRC members, for the time being entitled to receive notice of an NRC meeting shall be as valid and effectual as if it has been passed at an NRC meeting duly convened and held. Any such resolution in writing may consist of several documents in electronics and like form. Each document shall be signed or assented to by one (1) or more members of the NRC.

**6. Review of Terms of Reference**

The terms of reference shall be assessed, reviewed and updated by the NRC as and when necessary. The Board shall approve any proposed changes.

---

Approved and adopted by the Board of Directors on 1 April 2022.