



# SCIENTEX PACKAGING (AYER KEROH) BERHAD

(Formerly known as DAIBOCHI BERHAD)  
Company No.: 197201001354 (12994-W)  
(Incorporated in Malaysia)

## **NOMINATION AND REMUNERATION COMMITTEE – TERMS OF REFERENCE**

### **1. INTRODUCTION**

The Nomination Committee and Remuneration Committee of the Company were established on 14 December 2000. The Nomination Committee and Remuneration Committee have subsequently been merged and streamlined into a single Nomination and Remuneration Committee (“NRC”) with effect from 1 July 2022.

### **2. Composition/Members**

- 2.1 The NRC shall comprise exclusively of Non-Executive Directors, a majority of whom must be independent.
- 2.2 The Chair of the NRC shall be an Independent Director identified by the Board of Directors (“Board”).

### **3. Secretary**

The Company Secretary or his/her nominee shall act as the secretary of the NRC.

### **4. Frequency of Meetings**

- 4.1 The NRC shall meet at least once a year and as and when required. A quorum shall consist of 2 members.
- 4.2 The NRC may take action by way of circular resolutions in lieu of convening a formal meeting.

### **5. Duties and Responsibilities**

- 5.1 The NRC should not have delegated powers to implement its recommendations. It should be obliged to report its recommendations back to the full Board for its consideration and implementation.

5.2 The functions and duties of the NRC shall include the following:

5.2.1 Nomination

- (a) Annually review the Board's composition and the required mix of skills, experience, quality and core competencies which Non-Executive Directors should bring to the Board.
- (b) Annually assess the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual director.
- (c) To review on an annual basis, the terms of office and the performance of the Audit Committee and its members to ensure duties are fulfilled according to their terms of reference.
- (d) To assess on an annual basis, the independence of the Independent Directors to ensure that they bring independent judgment to Board deliberations and are free from any business or other relationship which interfere with their objectivity or the ability to act in the best interest of the Company, its subsidiaries and shareholders.
- (e) Consider candidates for directorships proposed by the Managing Director and within the bounds of practicability, by any other senior executive or any Director or shareholder or utilize independent sources to identify suitably qualified candidates.
- (f) Recommend to the Board, Directors to fill the seats on Board Committees.
- (g) Recommend the appointment of Board and Senior Management based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.
- (h) Consider and recommend a policy regarding the period of service of Executive and Non-Executive Directors on the Boards of the Company, its subsidiaries and associate companies ("Group").
- (i) Consider and recommend suitable persons for appointment as Board members of subsidiaries and associate companies as Group nominees and to annually review their contribution.

5.2.2 Remuneration

- (a) Review and recommend the general remuneration policy of the Group, including matters relating to the remuneration of the Board and Senior Management.
- (b) Review annually and recommend to the Board the remuneration of Executive Directors and Non-Executive Directors, including Senior Management, in all its forms, drawing from outside advice as and when necessary. The remuneration package of Non-Executive Directors and the Chairman should be a matter for the Board as a whole. The individuals concerned should abstain from discussion of their own remuneration.
- (c) Plan for succession to the position of Chairman of the Board and Managing Director as well as certain other senior management positions in the Group. The Managing Director annually provides the NRC with an assessment of senior managers and their potential.
- (d) Review the performance of the Managing Director and Executive Directors within the Group.
- (e) Recommend suitable short and long-term incentive plans including the setting of appropriate performance targets as well as programmes for management development.
- (f) The remuneration package shall be aligned with the business strategy and long term objectives and reflect the Board's responsibilities, expertise and complexity of the Group's business activities.

5.3 The NRC shall submit to the Board an annual report of its activities and carry out such other assignments as may be delegated by the Board.

**6. Review of Terms of Reference**

The NRC shall review its terms of reference, as and when deemed necessary. This is to ensure the NRC's relevance in assisting the Board to discharge its duties in accordance with the changes in corporate laws, requirements and regulations that may arise and to remain consistent with its duties and responsibilities.

*Reviewed and approved by the Board of Directors on 10 June 2022.*