

# THETA EDGE BERHAD [Reg. No. 199301005265 (260002-W)]

## NOMINATION AND REMUNERATION COMMITTEE (“NRC”)

### TERMS OF REFERENCE

#### 1.0 OBJECTIVES OF THE COMMITTEE

- 1.1 The objectives of the NRC with regard to the nomination role are as follows:
  - 1.1.1 to identify and recommend appointment of Directors to the Board, the Board Committees and nominate candidates for directorship to the Board of Subsidiary and Associated Companies;
  - 1.1.2 to review and recommend appointments of the Senior Management and other strategic positions as may be determined by the Board;
  - 1.1.3 to review the Board's required mix of skills, diversity, experience and other qualities, including core competencies; and
  - 1.1.4 to assess the effectiveness of the Board and the Board Committees as a whole;
- 1.2 The objective of the Committee with regard to the remuneration role are as follows:
  - 1.2.1 to determine, review and recommend the remuneration framework and policies of Directors, Board Committee members, Senior Management and other strategic positions as may be determined by the Board; and
  - 1.2.2 to set the policy and remuneration framework for employees of the Group.

#### 2.0 AUTHORITIES OF THE NRC

The NRC is authorised by the Board:-

- 2.1 to have full and unrestricted access to the Company's records, properties and personnel; and

2.2 to seek recommendations from existing Directors, management or major shareholders and utilizes independent sources or other independent professional advice (whenever necessary), to identify suitable qualified candidates to become board members and select or recommend to the Board of Directors, candidates for all directorships to be filled by the Board of Directors and Board Committee members. In making its recommendations, the NRC would consider the following attributes of candidates:-

- (i) Board Diversity;
- (ii) Skills, knowledge, qualification, expertise and experience;
- (iii) Professionalism;
- (iv) Integrity;
- (v) Time commitment;
- (vi) Cultural background; and
- (vii) In the case of the candidates for the position of Independent Non-Executive Directors, the NRC would also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors.

### **3.0 COMPOSITION OF THE NRC**

- 3.1 The NRC comprises a minimum of two (2) members and shall be composed exclusively of Non-Executive Directors, a majority of whom are independent.
- 3.2 The Board shall ensure that any vacancy in the NRC is filled within three (3) months of such vacancy arising.
- 3.3 The appointment of a committee member automatically terminates when the member ceases to be a Director.
- 3.4 The NRC is chaired by the Senior Independent Director or an Independent Director.

### **4.0 SECRETARY**

The Company Secretary is the secretary to the NRC.

## 5.0 MEETINGS

- 5.1 The NRC shall meet at least once a year and may invite other Board members, officers of the Company, employees and any other external parties to attend meetings or part thereof as and when necessary.
- 5.2 The Committee shall regulate its own procedures, in particular, the calling of meetings, the notice to be given for meetings and the proceedings of the meetings. The Chairman shall convene meetings as and when required. The Committee shall meet as required to report and make recommendations to the Board.
- 5.3 The Chairman of the NRC shall chair the meetings, and, in his absence, the Members present shall elect one (1) of the Members to be Chairman of the meeting.
- 5.4 Quorum for the meeting shall be two (2) members, which includes one Independent Non-Executive Director.
- 5.5 The 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 person participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting.
- 5.6 The NRC through its Chairman shall report to the Board at the next Board of Directors' Meeting.
- 5.7 Questions arising at any meeting of the NRC shall be decided by a majority of votes of the members present. In the case of equality of votes, the Chairman of NRC shall not have a second or casting vote.
- 5.8 The number of NRC meetings held in a year and the details of attendance of each individual Member in respect of meetings held should be disclosed annually in the Annual Report.
- 5.9 The NRC may deal with matters by way of circular reports and resolution in lieu of convening a formal meeting.

## 6.0 FUNCTIONS OF THE NRC

### 6.1 Nomination Function:

- 6.1.1 To determine the criteria for Board membership, including qualities, experience, skills, diversity, expertise, education background and qualifications, competencies, integrity, contribution, level of commitment in terms of time and other qualities that will best qualify a nominee to serve on the Board.
- 6.1.2 To review annually and recommend to the Board with regard to the structure, size, tenure, directorships, balance and composition of the Board and Committees including the required mix of skills and experience, core competencies which the Directors should bring to the Board and other qualities to function effectively and efficiently.
- 6.1.3 To identify, consider, review, evaluate and recommend to the Board any new Board appointment, whether of executive or non-executive position, to fill board vacancies as and when arises. The NRC shall recommend to the Board with regard to the candidate for directorship, based on the following but not limited to:
  - skills, knowledge, expertise and experience;
  - education background, qualifications and professionalism;
  - competency;
  - integrity and objectivity;
  - independence;
  - diversity in gender, ethnicity and age; and
  - level of commitment, resources and time;
- 6.1.4 To annually review the term of office and performance of the Audit & Risk Committee ("ARMC") and each of its members annually to determine whether such ARMC and members have carried out their duties in accordance with their terms of reference;
- 6.1.5 To annually evaluate the Board and Board Committees including but not limited to the following:
  - The effectiveness of the Board Committees (including its size and composition);
  - The effectiveness of the Board as a whole;
  - Skills and Contributions of each individual Director; and
  - The independence of the Independent Directors.

All assessments and evaluations carried out by the NRC in the discharge of all its functions shall be properly documented and conducted at least once a year either internally or via other independent sources.

Unless otherwise recommended by the NRC, the evaluation would be carried out internally.

- 6.1.6 To review the results of the evaluation and recommend to the Board the initiatives/improvements moving forward, to enhance the effectiveness of the Board.
- 6.1.7 To determine appropriate trainings for Directors, review the fulfillment of such training and disclose details in the annual report as appropriate, in accordance with Bursa Malaysia's requirements on Continuing Education.
- 6.1.8 To consider and recommend to the Board:
  - 6.1.8.1 Candidates for re-election of retiring Directors by shareholders under the annual retirement and re-election provisions;
  - 6.1.8.2 Whether the Independent Director(s) should remain independent or be re-designated, after the assessment of Independent Director(s) be conducted and concluded;
  - 6.1.8.3 Matters relating to the continuation in office of any Director at any time, including the suspension or termination of service of the Executive Director as an employee of the company subject to the provisions of the law and his/her service contract; and
  - 6.1.8.4 The re-appointment of any Non-Executive Director at the conclusion of his/her term of office having given due regard to his/her performance and the ability to continue to contribute to the Board in terms of knowledge, skills and experience required.
- 6.1.9 To establish appropriate framework and plans for succession at Board level to ensure that the Board is comprised of Directors with the skills and experience relevant to the Company's strategic direction and objectives.
- 6.1.10 To establish appropriate framework and plans for succession at Senior Management level to ensure that the Senior Management is comprised of individuals with the skills and experience relevant to the Company's strategic direction and objectives.

6.1.11 To consider and examine such other matters as the NRC considers appropriate.

6.1.12 To consider other matters as referred to by the Board.

6.2 Remuneration Function:

6.2.1 To review and recommend to the Board the remuneration package for Executive and Non-Executive Directors and assists the Board in ensuring that the remuneration of the Executive and Non-Executive Directors commensurate with the responsibilities and duties undertaken by the Board members.

6.2.2 To review and verify the allocation of share options/share grants given to the Group's eligible employees is in accordance with the criteria for the Employees Share Scheme ("ESS")/share grants and the Main Market Listing Requirements of BMSB at the end of each financial year, if any.

6.2.3 To review and recommend to the Board the increment for the Group's employees and the salary review/increment/adjustment of Senior Management and other strategic positions as may be determined by the Board.

6.2.4 The Board, as a whole determines the remuneration of each Director. Directors do not participate in decision regarding their own remuneration package.

Directors who are shareholders shall abstain from voting at Annual General Meeting/Meeting of Members to approve their fees.

6.2.5 To review the Remuneration Policy on a periodic basis to assess its effectiveness and relevancy, in line with current market practices and requirements. Amendments or changes to the Remuneration Policy shall be recommended to the Board of Directors for approval.

6.2.6 The recommendation of remuneration packages for Directors, key Senior Management and other strategic position as may be determined by the Board would: -

- be based on an objective consideration and approved by the majority of the Board;

- take due consideration of the assessments of the effectiveness and contribution of the Directors, key Senior Management and other strategic positions as may be determined by the Board; and
- be competitive and is consistent with the Company's culture, objective and strategy of the Group.

## 7.0 CIRCULAR 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 signed by one or more NRC members. Any such document may be accepted as sufficiently signed by a NRC member if transmitted to the Company by facsimile or other form of electronic, electrical or digital written message to include the signature of the NRC member.

## 8.0 REVIEW OF THE TERMS OF REFERENCE

The NRC may from time to time revise or amend its Terms of Reference, provided always that the said revisions or amendments are in compliance with applicable laws, rules, directives and guidelines and shall be recommended to the Board for approval.

This term of reference is dated 5 October 2023.