



GHL Systems Berhad (199401007361)

Incorporated in Malaysia

TERMS OF REFERENCE

OF

NOMINATION & REMUNERATION

COMMITTEE (“NRC”)

1. Objective

The principal objectives of the Nomination cum Remuneration Committee ("the Committee" or "NRC") are as follow:

- ✓ to support and advise the Board of Directors ("Board") on fulfilling their responsibilities to shareholders, ensuring that the Board comprise individuals with an optimal mix of qualifications, skills, and experience; and

- ✓ to recommend remuneration policies and packages for executive directors, non-executive directors, Group Chief Executive Officer ("GCEO"), Group Chief Financial Officer and Key Management Position that link rewards to corporate and individual performance subject always to paragraph 5 (v) hereinafter.
- ✓ to ensure there is sufficient succession planning and human capital development focus in GHL Systems Berhad ("Company")

2. Composition

The Committee shall be appointed by the Board of Directors with at least three (3) members which comprise exclusively non-executive directors, a majority of whom are independent. The Company Secretary shall be the Secretary ("Secretary") of the Committee.

The Chairman of the Committee shall be appointed by the Board and shall be a independent non-executive director or an independent non-executive director of the Company and must not be the Chairman of the Board and the number of the members should not be less than three (3) members.

No alternate director shall be appointed as a member of the Committee.

3. Frequency of Meetings

The Committee shall meet at least once a year but the member may meet as frequently as required.

The quorum for the meeting and/or for the sanction and endorsement of approvals in writing shall be between any three (3) members, majority of whom shall be an independent director.

4. Notice and Minutes of Meetings

The Committee may regulate its own procedures, and in any particular calling of meetings and notices.

The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

5. Duties and Responsibilities

Nomination Matters:

- i. The Committee shall regularly review the structure, size, and composition of the Board, and make recommendations to the Board with regard to any adjustments that are deemed necessary;
- ii. The Committee has to facilitate the evaluation of the effectiveness of the Board as a whole, the various Committees, and each individual Director's contribution and independence to the effectiveness on the decision making process of the Board;
- iii. The Committee shall be responsible for identifying and nominating, for the approval of the Board, candidates to fill board vacancies as and when they arise;
- iv. Disclose in the Company's annual report how candidates for Independent Non-Executive Director positions were sourced including whether such candidates were recommended by the existing Board members, Management or major shareholders and ensure that the selection of candidates was not solely based on recommendations made by existing Board members, Management or major shareholders.
- v. Appointment of Key Management Positions:
 - Review and recommend to the Board the appointment and evaluation of the GCEO position.
 - Upon the request of the GCEO as the GCEO deems fit, review the appointment, promotion, resignation, disciplinary actions and termination of the Group Chief Financial Officer.
 - Ensure that appointments of the Key Senior Management positions are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.
- vi. In determining the process for the identification of suitable new candidates, the Committee will ensure that an appropriate review or search is undertaken by an independent third party to ensure the requirement and qualification of the candidate nominated is met which may include:
 - Required skills, knowledge, expertise and experience;
 - Time commitment, character, professionalism and integrity;
 - Ability to work cohesively with other members of the Board;

- Specialist knowledge or technical skills in line with the Company's strategy; and
 - Diversity in age, gender and experience/background.
- vii. The Committee shall review the induction and training needs of each individual Director;
- viii. The Committee shall select, monitor, and oversee the succession planning.
- ix. Recommend to the Board, candidates for re-election of Directors by the shareholders subject always that if the tenure of an Independent Non-Executive Director has exceeded a cumulative term limit of nine (9) years then the Board needs to seek shareholder's approval through a two-tier voting process as required under the MCCG 2021 but shall not be more than twelve (12) years.
- x. Provide a report summarising its activities for the year in compliance with the Malaysia Corporate Governance Code, listing rules, and any relevant regulations. The report can be incorporated into the corporate governance statement in the annual report or included as a separate report.
- xi. Assist the Board in establishing procedures and processes towards an annual assessment of the effectiveness of the Board as a whole and each Board Committee (including its size and composition), as well as the contribution of each individual Director. The method/approach of the assessment and outcome of the evaluation shall be documented and disclosed in the annual report.
- xii. The criteria used in the annual assessment should include the following:
- will and ability to critically challenge and ask the right questions;
 - character and integrity in dealing with potential conflict of interest situations;
 - commitment to serve the Company, due diligence and integrity;
 - confidence to stand up for a point of view; and
 - contribution and performance, calibre and personality
- xiii. The GCEO shall assist the NRC in ensuring that an appropriate succession planning framework, talent management and human capital development programme is in place for the position of Key Senior Management positions. The NRC shall be apprised of the progress of the programme on a regular basis, and at least once a year.

Remuneration Matters:

- xiv. The Committee shall review the Company's policy and procedure for determining the executive remuneration and any amendments to that policy and procedure from time to time and make recommendations to the Board, as and when the Committee sees fit;
- xv. The Committee shall consider and give recommendations of directors' fees and the executive directors' remuneration package to the Board;
- xvi. The Committee shall, upon recommendation of the GCEO, oversee any major changes in Key Senior Management's remuneration and benefit structures throughout the Company.

6. Rights and Authorities

- i. The Committee is authorised to seek any information it requires from the management of the Company in order to perform its duties; and
- ii. The Committee is authorised to call for any appropriate person to be in attendance to make presentations or furnish or provide independent advice on any matters within the scope of responsibilities.

7. Revision and Updates

This Terms of Reference will be reviewed and updated periodically or when necessary to align with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, Malaysian Code on Corporate Governance, and other regulatory requirements affecting the function of the Committee.

This Terms of reference is approved by the Board and is adopted by the Committee effective 22 February 2022.