

TERMS OF REFERENCE OF THE NOMINATION AND REMUNERATION COMMITTEE

CPE TECHNOLOGY BERHAD

Registration No. 202101015732 (1416032-X)

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Terms of Reference of the Nomination and Remuneration Committee (NRC)

(This terms of reference shall be adopted by any committee established by the Board that will undertake the nomination and remuneration committee function. No representation is made in this terms of reference in relation to the type of committees that have been established/will be established by the Board)

1. MEMBERSHIP

- 1.1. Members of the Nomination and Remuneration Committee (“the Committee” or “NRC”) shall be appointed by the Board amongst its Directors and shall comprise at least three (3) members, all of whom must be Non-Executive Directors, and a majority of whom must be Independent Non-Executive Directors.
- 1.2. The Chairman of the Board must not be a member of the Committee.
- 1.3. Where the members of the Committee for any reason are reduced to less than three (3), the Board shall based on the recommendation of the Nomination Committee, within three (3) months from the occurrence of the event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

2. CHAIRMAN

- 2.1. The Chairman of the Committee shall be an Independent Non-Executive Director or the Senior Independent Non-Executive Director.
- 2.2. In the absence of the Chairman of the Committee, the other members of the Committee shall amongst themselves elect a Chairman who must be an Independent Non-Executive Director to chair the meeting.

3. SECRETARY

- 3.1. The Company Secretary shall be the Secretary of the Committee.

4. QUORUM AND MEETING PROCEDURES

- 4.1. The Committee shall meet at least once a year or as and when the Committee deems necessary to fulfil its responsibilities.
- 4.2. If any member is unable to be physically present, he/she may choose to participate by means of a conference telephone or any other audio, or audio-visual, communication equipment which allows all persons participating in the meeting to hear and speak with each other and the person shall be deemed to be present in person and shall be entitled to vote or be counted in a quorum accordingly.
- 4.3. The quorum for the meeting shall be two (2) members.
- 4.4. The Company Secretary, in consultation with the Chairman of the Committee, shall draw up the agenda of the meeting. The agenda, together with the relevant support papers, shall be circulated at least five (5) business days, or shorter notice where it is unavoidable prior to each meeting to the members of the Committee.
- 4.5. The Committee may, as and when deemed necessary, invite any Board members or any member of Management or consultants, who the Committee thinks fit, to attend its meetings to assist and provide pertinent information as necessary.

- 4.6. A matter put to vote at the Committee meetings shall be decided by a simple majority of the votes. In the event of an equality of votes, the Chairman has the casting vote.
- 4.7. A member of the Committee who has an interest or is involved directly or indirectly in any matter under consideration by the meeting, shall abstain from deliberating and voting.

5. MINUTES

- 5.1. The Company shall cause minutes of all proceedings of the Committee meeting to be entered in books for that purpose. Minutes of each meeting shall be signed by the Chairman of the meeting at which proceedings were held or by the Chairman of the next succeeding meeting.
- 5.2. Minutes shall be kept by the Company at the Registered Office and shall be open for inspection by any Committee member or Board member.
- 5.3. The minutes of each Committee meeting shall be distributed to the Board members for notation.

6. CIRCULAR RESOLUTION

- 6.1. A resolution in writing signed by a majority of the Committee members, for the time being shall be as valid and effectual as if it had been passed at a meeting of the Committee duly called and constituted.
- 6.2. The resolution may consist of several documents in like form, each signed by one (1) or more Committee members. Such document may be accepted as sufficiently signed by a Committee member if it is transmitted to the Company by facsimile or other electrical or digital written messages, which include a signature of the said Committee member.

7. REPORTING

- 7.1. The Committee, through its Chairman, shall report a summary of significant matters to the Board at the next Board meeting after each Committee meeting. When presenting any recommendations to the Board for approval, the Committee will provide such background and supporting information as may be necessary for the Board to make an informed decision.

8. AUTHORITY FOR NOMINATION MATTERS

- 8.1. The Committee must, in accordance with a procedure to be determined by the Board and at the cost of the Company:-
 - Have explicit authority to investigate any matter within its terms of reference; and
 - Have the resources which are required to perform its duties; and
 - Have full and unrestricted access to all information and documents which are required to perform its duties; and
 - Have full and unrestricted access as well as direct communication channels with the following parties:-
 - i. Management and any of the staff of the Group; and

- ii. External Auditors of the Group; and
 - iii. Internal auditors of the Group; and
 - iv. Legal counsels of the Group; and
 - v. Company Secretaries of the Group; and
 - vi. Any other advisers of the Group; and
- Obtain external professional advice or other advice and invite persons with relevant experience to attend its meetings, if necessary.

Where the Committee is of the view that any of the matters that are reported to the Board are not satisfactorily resolved, resulting in breach of any laws, rules, regulations, requirements and guidelines such as Listing Requirements, they shall promptly report such matters to the relevant authorities such as Bursa Securities.

9. DUTIES AND RESPONSIBILITIES FOR NOMINATION MATTERS

- 9.1. Identify, consider and recommend to the Board suitable candidates for appointment of Directors. The Committee shall not solely rely on recommendations from existing Board members, the management or major shareholders, but shall also utilise independent sources to identify suitably qualified candidates. In making the recommendations, the Committee shall:-
- Assess the candidates' skills, expertise, experience, professionalism, commitment; integrity, character and competence; and
 - Consider board diversity including age and gender diversity; and
 - In the case of candidates for the position of Independent Non-Executive Directors, evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Non-Executive Directors.
 - If the selection of candidates was solely based on recommendations made by the existing Board members, the management or major shareholders, the Committee should explain why other sources were not used.
- 9.2. Recommend to the Board the re-election of Directors who retired by rotation pursuant to the Company's Constitution and re-appointment of Directors who retired pursuant to relevant sections of the Companies Act 2016.
- 9.3. Recommend to the Board the appointment of members of each Board Committee and any other committee of the Group.
- 9.4. Recommend to the Board the appointment, cessation, suspension, dismissal and/or any staff movement including re-designation, re-deployment, transfer or secondment of key senior management of the Group.
- 9.5. Assess annually on the following:-
- The effectiveness of the Board, Board Committees and other committees of the Group;

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- The contribution of each individual Director and Group Chief Executive Officer taking into consideration matters which include, but not limited to, his/her character, competencies, experience and time commitment; and
- The contribution of each Key Senior Management taking into consideration matters which include, but not limited to, his/her character, competencies, experience and time commitment.

All assessments and evaluations carried out by the Committee in discharging its duties shall be disclosed in the Annual Report of the Company.

- 9.6. Review the tenure of each Director and ensure that the annual re-election of a Director is based on a satisfactory evaluation of the Director's performance and contribution to the Board and the Group.
- 9.7. Evaluate and review the performance of the Board, Board Committees, other committees of the Group, Group Chief Executive Officer and key senior management taking into consideration areas which include, but not limited to, the Group's performance in managing sustainability risks and opportunities.
- 9.8. Review and assess the independence of Independent Directors on an annual basis.
- 9.9. Review the succession plans of the Board and key senior management and oversee the development of a diverse pipeline for Board and management succession, including identifying the future Chairman, Executive Directors and Group Chief Executive Officer.
- 9.10. Consider and recommend to the Board for approval, the appropriate size of the Board, Board Committees and other committees of the Group to facilitate effective decision making after taking into consideration the scope and nature of the operations of the Group.
- 9.11. Ensure 1 Director is a woman and review the participation of women in key senior management.
- 9.12. Facilitate Board induction programme for newly appointed Director(s).
- 9.13. Identify suitable education and training programmes for continuous development of Directors to ensure the Directors keep abreast with development in the industry, regulatory changes and business trends.
- 9.14. Review and recommend to the Board, the development and implementation of the relevant policies and procedures on nomination related matters of the Group.
- 9.15. Review annually on the term of office, effectiveness and performance of the other committees of the Group and each of their members to determine whether the said committees and their members have carried out their duties in accordance with their terms of reference.
- 9.16. Consider and examine such matters as the Committee considers appropriate.
- 9.17. Carry out such other duties or functions as may be delegated by the Board from time to time or required by the regulatory authority.

10. AUTHORITY FOR REMUNERATION MATTERS

10.1. The Committee must, in accordance with a procedure to be determined by the Board and at the cost of the Company:-

- Have explicit authority to investigate any matter within its terms of reference; and
- Have the resources which are required to perform its duties; and
- Have full and unrestricted access to all information and documents which are required to perform its duties; and
- Have full and unrestricted access as well as direct communication channels with the following parties:-
 - i. Management and any of the staff of the Group; and
 - ii. External Auditors of the Group; and
 - iii. Internal auditors of the Group; and
 - iv. Legal counsels of the Group; and
 - v. Company Secretaries of the Group; and
 - vi. Any other advisers of the Group; and
- Obtain external professional advice or other advice and invite persons with relevant experience to attend its meetings, if necessary; and
- Seek input from management on remuneration policies, but no individual should be directly involved in deciding their own remuneration.

Where the Committee is of the view that any of the matters that are reported to the Board are not satisfactorily resolved, resulting in breach of any laws, rules, regulations, requirements and guidelines such as Listing Requirements, they shall promptly report such matters to the relevant authorities such as Bursa Securities.

11. DUTIES AND RESPONSIBILITIES FOR REMUNERATION MATTERS

11.1. Review Group's policies and procedures on remuneration including, but not limited to, reviewing and recommending matters relating to the remuneration of Directors, key senior management, advisers, consultants and any other relevant parties to the Board for approval; and

In determining the remuneration of the relevant parties, the Committee should take into consideration on areas which include, but not limited, to the following:-

- Technical competency, skills, expertise and experience; and
- Qualification and professionalism; and
- Integrity; and

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- Roles and responsibilities; and
- Group's and entities' operating results; and
- The business strategies, risks, opportunities and long-term objectives of the Group; and
- Performance of the respective individual; and
- Comparable market statistics and market practice.

The Committee shall ensure the remuneration offered are in line with the market practice.

- 11.2. Ensure fees and benefits payable to Directors, and any compensation for loss of employment of Executive Directors are approved by shareholders at General Meetings.
- 11.3. Oversee changes in employee remuneration and benefit structures throughout the Group.
- 11.4. Recommend to the Board any performance-related pay schemes for the Company or Group.
- 11.5. Recommend to the Board on the appointment of experts or advisers or consultants, where necessary.
- 11.6. Carry out such other duties or functions as may be delegated by the Board from time to time or required by the regulatory authority.

12. REVIEW OF THE WRITTEN TERMS OF REFERENCE

- 12.1. Any amendments to this terms of reference are subject to the deliberation of the Committee, and shall be approved by the Board, if required. This terms of reference will be reviewed and updated periodically in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Committee's responsibilities.
- 12.2. The written terms of reference will be made available to the public on the Company's website.

Approved by NRC and Board on 8 February 2023.