

## **IOI PROPERTIES GROUP BERHAD**

(Company No. 1035807-A)

(Incorporated in Malaysia)

### **TERMS OF REFERENCE FOR NOMINATING AND REMUNERATION COMMITTEE**

#### **1. MEMBERSHIP AND INDEPENDENCE**

- 1.1 The Nominating and Remuneration Committee (“NRC”) shall be appointed by the Board from amongst its members, and shall comprise at least three (3) members.
- 1.2 All NRC members shall be non-executive directors of the Company, a majority of whom shall be independent.
- 1.3 The NRC Chairman shall be elected by members and shall be independent.
- 1.4 A director may be considered independent in character and judgement if he/she is independent of management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of the Company.

Without limiting the generality of the foregoing, an independent director is one who:

- (a) is not an executive director of the Company or any related corporation of the Company;
  - (b) has not been within the last two (2) years and is not an officer (except as a non-executive director) of the Company. For this purpose, “officer” has the meaning given in Section 4 of the Companies Act, 1965;
  - (c) is not a major shareholder the Company;
  - (d) is not a family member of any executive director, officer or major shareholder of the Company;
  - (e) is not acting as a nominee or representative of any executive director or major shareholder of the Company;
  - (f) has not been engaged as an adviser by the Company under such circumstances as prescribed by Bursa Malaysia Securities Berhad (“the Exchange”) or is not presently a partner, director (except as an independent director) or major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to the Company under such circumstances as prescribed by the Exchange; or
  - (g) has not engaged in any transaction with the Company under such circumstances as prescribed by the Exchange or is not presently a partner, director or major shareholder, as the case may be, of a firm or corporation (other than subsidiaries of the Company) which has engaged in any transaction with the Company under such circumstances as prescribed by the Exchange.
- 1.5 On appointment, and thereafter, on an annual basis, every independent Board member shall complete a return as to his/her independence. The NRC shall review the return to decide if a Director is to be considered independent and make its recommendation to the Board.

- 1.6 An independent member shall immediately notify the Company Secretary of any change in circumstances that may result in him/her not being able to meet the criteria for independence.

The NRC may, after considering the change in circumstances, require the resignation of the member, in compliance with provisions of the NRC's terms of reference and/or any other applicable statutes, rules or regulations and makes its recommendations to the Board accordingly.

The Board may, as a result of the resignation, re-constitute the NRC before the next scheduled meeting.

- 1.7 A member who wishes to retire or resign from the NRC shall notify the Board in writing, giving at least one (1) month's notice or such shorter period as may be agreed by the Board.
- 1.8 The office of a member shall become vacant upon the member's death/ resignation/ retirement/ removal or disqualification as a director of the Company.
- 1.9 Any vacancy in the NRC shall be filled within two (2) months, and in any case, no later than three (3) months.

## **2. ADMINISTRATION**

### **2.1 Meetings**

- (a) Meetings of the NRC ("NRC meetings") may be conducted by means of telephone conference, video conference or any other form of audio or audio-visual instantaneous communication and the participation in the meeting pursuant to this provision shall constitute presence in person at such meeting.

The minutes of such a meeting signed by the NRC Chairman or Chairman of the meeting shall be conclusive of any meeting conducted as aforesaid.

- (b) NRC meetings shall be held at least once a year. NRC meetings may be called, at any other time, by the NRC Chairman or any member.
- (c) The NRC shall have full discretion to invite any director or management to attend its meetings.
- (d) The Secretary of the NRC shall be the Company Secretary for the time being or, such other person as may be nominated by the NRC.
- (e) The Secretary shall attend all NRC meetings and minute the proceedings thereof including providing an attendance record of individual members present at all meetings.
- (f) Minutes of all NRC meetings shall be confirmed by the NRC Chairman or Chairman of the meeting and circulated to all members.

### **2.2 Quorum**

The quorum shall be two (2) members, including at least one independent Director.

If the NRC Chairman is not present within 15 minutes from the appointed time of the NRC Meeting, the members present may elect one of their members, who must be independent, to chair the meeting.

## **2.3 Voting**

A resolution shall be considered passed if:

- (a) there is a majority of votes passed in favour of the resolution at a NRC meeting, or
- (b) there is agreement in writing by a majority of members entitled to vote on the decision.

In the event of an equality of votes, the Chairman shall not have a casting vote. All conflicting views shall be submitted to the Board for its final decision.

Any member who has an interest in any matters being reviewed or considered shall abstain from voting on the matter.

## **2.4 NRC Resolutions in Writing**

The NRC may pass resolutions by circulation. A resolution in writing signed by a majority of NRC members, including at least one independent Director, shall be as valid and effectual as if it had been passed at a meeting of the NRC duly called and constituted.

These resolutions may consist of several documents in original or facsimile in the like form each signed by one or more members.

## **2.5 Attendance at Annual General Meetings**

The NRC Chairman (or in his absence, an alternative member of the NRC) shall attend the Annual General Meetings of the Company.

## **3. DUTIES AND RESPONSIBILITIES**

The duties of the NRC shall be:

- 3.1 To make recommendations to the Board on the appointment and re-appointment of directors (including alternate directors, if applicable). If an alternate director is appointed, the alternate director should be familiar with the Company's affairs and be appropriately qualified. If a person is proposed to be appointed as an alternate director to an independent director, the NRC and the Board should review and conclude that the person would similarly qualify as an independent director.
- 3.2 To regularly review the Board structure, size and composition and make recommendations to the Board with regard to any adjustments that are deemed necessary.
- 3.3 To determine the process for search, nomination, selection and appointment of new board members and assess nominees or candidates for appointment or election to the Board, determining whether or not such nominee has the requisite qualifications and whether or not he/she is independent.

Important issues to be considered as part of the process for the selection, appointment and re-appointment of directors include composition and progressive renewal of the Board and each director's competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation and candour) including, if applicable, as an independent director.

- 3.4 To review Board succession plans for directors, in particular for the Chairman and Chief Executive Officer ("CEO").

- 3.5 To develop a process for the evaluation of performance of the Board, its Board committees and directors.
- 3.6 To determine how the Board's performance may be evaluated and propose objective performance criteria.
- 3.7 To assess the effectiveness of the Board as a whole and its Board committees and to assess the contribution by the Chairman and each individual director to the effectiveness of the Board. The results of the performance evaluation will be reviewed by the NRC Chairman and the assessment process shall be disclosed in the Company's annual report.
- 3.8 To review training and professional development programmes for the Board.

Newly appointed directors should receive comprehensive and tailored induction upon joining the Board. This should include:

- (i) duties as a director
- (ii) how to discharge the duties of a director
- (iii) familiarisation and orientation programme on the company's business and industry
- (iv) corporate governance practices

- 3.9 To determine, on an annual basis, if a director is independent.

If the NRC wishes, in spite of the existence of any business or other relationships with the Company, its related corporations, its major shareholders or its officers, to consider the Director as independent, it should disclose in full the nature of the director's relationship and submit its recommendation to the Board with an explanation as to why he/she should be considered independent for the Board's consideration.

Conversely, the NRC may determine that a director is not independent even if he/she has no business or other relationships with the Company, its related corporations, its major shareholders or its officers, particularly, if the independent Director has served on the Board beyond nine (9) years from the date of his/her first appointment and submit its recommendation to the Board. The independence of such director would be subject to particularly rigorous review.

- 3.10 To make recommendations to the Board for the continuation (or not) in services of any director who has reached the age of seventy (70) years, where appropriate.
- 3.11 To recommend directors who are retiring by rotation to be put forward for re-election.

All directors are required to submit themselves for re-election at regular intervals and at least once every three (3) years. Directors appointed as an additional director or to fill any casual vacancy shall hold office only until the next Annual General Meeting and shall be eligible for re-election.

- 3.12 To renew and determine whether the director is able to and has been adequately carrying out his/her duties as a director of the Company, particularly taking into consideration the director's number of Board principal commitments on listed companies and other principal commitments.

- 3.13 To determine a framework or policy on executive remuneration and, in consultation with the Chairman of the Board and the Company's CEO, determine the remuneration packages of individual executive directors within the policy. In doing so, the Committee shall ensure that remuneration packages (comprising of base salary and short and long-term incentives, benefits, pension arrangements and service contracts, if any) are:-
- (a) appropriate in the context of each individual director's responsibility and seniority;
  - (b) consistent with the overall financial and business position of the Group and its position relative to other companies;
  - (c) fair in light of each individual director's personal performance;
  - (d) whether the framework provides adequate motivational incentive for executive directors to pursue the long term growth and success of the Group;
  - (e) within the terms of the agreed remuneration framework or policy, determine individual remuneration packages for the executive directors including the Managing Director, taking due account of their recent remuneration history; and
  - (f) comparable within the industry and with comparable companies.
- 3.14 To recommend to the Board the Executives' Share Option Schemes or any long term incentive schemes which may be set up from time to time and to do all acts necessary in connection therewith.
- 3.15 To carry out its duties in the manner that it deems expedient, subject always to any regulations or restrictions that may be imposed upon the NRC by the Board.
- 3.16 Such other duties or functions as may be delegated by the Board or required by regulatory authorities.

#### **4. REPORTING PROCEDURES**

- 4.1 The NRC shall report from time to time its findings and recommendations to the Board.
- 4.2 The NRC shall make recommendations to the Board as it deems appropriate in any area within its remit where action or improvement is needed.

#### **5. REMUNERATION**

- 5.1 Having regard to the functions performed by members of the NRC in addition to their functions as directors in relation to the activities of the NRC and pursuant to the specific power conferred upon the Board by the Articles of Association of the Company, members of the NRC may be paid such special remuneration in respect of their appointment as shall be fixed by the Board.
- 5.2 Such special remuneration shall be in addition to the annual fees payable to directors.

#### **6. GENERAL**

- 6.1 The NRC in carrying out its tasks under these terms of reference may obtain such external or other independent professional advice as it considers necessary to carry out its duties.

- 6.2 The Board will ensure that the NRC has access to internal and external professional advice in order for it to perform its duties.
- 6.3 These terms of reference may from time to time be amended as required, subject to the approval of the Board.

*Approved and adopted by the Board of Directors on: 17 July 2014*